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West Europe Report

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POLITICAL

EUROPEAN AFFAIRS

FRG LAENDER SEEK GREATER INFLUENCE OVER EC AFFAIRS

Hamburg DIE ZEIT in German 16 May 86 p 4

[Article by Rolf Zundel: "Harnessed Together in Brussels"]

[Text] "Whoever applauds the European Act of Luxembourg today might also run across some surprises." So wrote the Bavarian minister of state for federal affairs, Peter Schmidhuber, at the beginning of March in BAYERNKURIER. In the meantime, what the Bundesrat decides this week is no longer a surprise; however, it is unpleasant, indeed painful, for the federal government. The Uniform European Act, solemnly signed on 17 February and praised in Bonn as a decisive step forward on the path to the political unity of Europe--all the more so as the federal government was giving itself credit for sweeping the partner nations along in its momentum--is being coolly received by the Laender. The message is: Not that way!

The Laender will only sign when the federal government has yielded to their conditions. Essentially, these boil down to a demand that a majority of the Laender be allowed to hinder the translation of the final declarations of Luxembourg into concrete and binding laws of the FRG. At present, it is completely uncertain when and in what form the act will be ratified. At best, a long and tedious procedure is to be expected; at worst, the unaccomplished plan will be dragged out after the ballot date. Bonn's champions for Europe, led the federal chancellor, are standing there pretty embarrassed, and not without a share of the blame. They have dreadfully underestimated the problems of bringing up this act for federal regulation and the resistance of the Laender.

No doubt, the European Act is indeed, as governmental representatives have proclaimed with much praise in many fine speeches, "the most important and most fundamental project for modifying and completing the existing community constitution since the conclusion of the Rome Treaties" and a step on the path to economic and monetary union for a common domestic market. It goes back to a large extent to the Bonn initiatives. The innovation consists essentially in that national jurisdiction is shifted to Europe; above all the European Council, and to a lesser extent the European Parliament, will benefit from this. In a wide area the majority principle rather than the common consent principle is now in effect for research and technology programs, for domestic market and environmental matters.

This shift of jurisdiction to Europe naturally also influences the relationship between the federation and the Laender. And the Laender worry that the system of federalism, which permits them a high degree of participation and common organization in the FRG, could be indirectly phased out because of increased emphasis on Europe. Up to this time, the federal government of course has been committed to support the Bundesrat on EC bill proposals; the position of the Bundesrat is politically important but has no legal effect.

The question is whether this structure is still adequate when European decisions reach deep into the affairs of the Laender. And this happens when politics enter into the spirit of the European Act.

For this not only concerns the purity law for German beer, but also environmental standards, research programs, industrial policy, money, trade barriers, competitiveness and living standards; the jurisdictions and interests of the Laender are affected. Their space for political maneuvering is limited.

In this case, the FRG is in a special position within the EC. Among the member nations, it is the single nation with a pronounced federal structure. Here, the necessity of Europeanization and the increasing regionalism, organized in the FRG as federalism, are especially difficult to reconcile.

On the other hand, there is a noteworthy proposal which is not very amusing for FRG politicians, when Bonn appears in Europe under a double harness; on the one hand as federal government, on the other hand as Bundesrat. The Laender are in any case about to set up their own representation in Brussels; Hamburg and Saarland have set the example, others will follow. The Laender are demanding that in the future their representatives also sit on the negotiation delegations (as "watchdogs," the federal politicians suspect); in addition the Bundesrat, if it acts according to the desires of the Laender, could tie together and amend federal policy by its vote.

If one recalls the difficulty the EC is already having in stopping food imports from eastern bloc countries, the thought that the vote of the Bundesrat, whose members place very different basic values on the permissible radiation load, would also have to be obtained is almost a nightmare. The European process would be more complicated, more obscure. And not much would remain of the Federation's foreign representation monopoly, chartered in the Basic Law.

Well-founded worries of the federalists, well-founded worries of the foreign politicians: to find a sensible and reasonable balance is difficult enough. However, the problem is politically charged in yet another way. The resistance of the Laender, organized under Bavarian leadership, uses the growing uneasiness with European centralism and red tape. On the one hand the anonymous EC central administration obsessed with planning, on the other the federal Laender, "the guarantors of cultural independence, ethnic identity, regional individuality, grass-roots administration, economic balance and political self-determination." Then who would not know which side to be on!

Second, dislike of the federal chancellor enters into the dispute. In the Bavarian argument, the objection increasingly emerges that Helmut Kohl indeed had been warned in good time. Whether the warnings were not only given in good time, but were also sufficiently precise, has been disputed in Bonn; in any case, they were not heeded. CDU Land members also criticize the federal government for "recklessness."

Third, the dispute on delicate coalition sensitivities enters. The FDP, centralist in tradition, and concerned with preventing the impairment of the jurisdiction of the FRG in foreign affairs and Genscher's position, sharply rebukes the "secondary external politics of the Laender." This is one more reason for the CSU to put on the armored vest of federalism against the foreign minister. The CDU Laender, oscillating between loyalty to the chancellor and their provincial interests, have not yet found common ground. The coalition appears to be in a desolate condition.

And finally fourth, the SPD Laender, like all the others strictly European in their basic loyalties, see less reason for doing the federal chancellor's dirty work for him. On this issue, they form an apparently stable Bundesrat majority together with the CSU, which puts the chancellor under pressure: agreement to the European Act only under our conditions.

How do conditions appear now? According to the wishes of the Laender, the rule of agreement for the European Act shall be changed. In this case, the federal government is committed "to take in advisement the position of the Bundesrat before agreeing to decisions of the European community on EC affairs, the provisions of which fall completely or individually within the exclusive legislative jurisdiction of the Laender or concern their vital interests." In practical terms, this means that this is true for all EC bill proposals; vital interests can always be held applicable, and individual provisions which fall in the jurisdiction of the Laender are nearly always found. In certain cases, the federal government can deviate from the vote of the Laender--"for compelling foreign and integration policy reasons." However, these reasons must be disclosed.

In addition, the Laender still demand a change in the Basic Law. Article 24 ("The federation can by law transfer jurisdiction to interstate agencies") is to be so worded that "a transfer is no longer possible without the agreement of the Bundesrat, at least not when it involves Laender sovereignty."

Interpreted strictly, these changes to the ratification law and the Basic Law requested by the Bundesrat still mean no veto right for all EC decisions; however, in practice they come rather close to this. The federal government in the future will be bound far more closely to the vote of the Bundesrat, which can strongly influence the material content of European legislation through the procedure, hence the shaping of the European Act. In contrast to this, the federal government is closely shackled. It is basically no longer capable of acting without the consent of the Bundesrat. The Laender have skillfully exploited the predicament of the federal government; instead of the menacing erosion of federalism, now the erosion of federal jurisdiction is up for debate.

POLITICAL

AUSTRIA

COMMUNIST PARTY WINS COURT CASE ON FIRM OWNERSHIP

Vienna PROFIL in German 14 Jul 86 p 27

[Article by Walter Schwarz: "The 'Turmoel' Case"]

[Text] Franz Muhri, the holder of the modest title of Austria's chief commie, let an historic opportunity go by last Wednesday of getting some media attention beyond the pages of VOLKSSTIMME. He had his office inform PROFIL that there would be no comment on this particular issue.

The odd thing about it is that the issue is highly interesting. At the conclusion of a trial which lasted almost 7 years, Dr Hubert Miksanek, a judge at the Vienna commercial court, recently pronounced a noteworthy verdict in the first instance. He ordered a certain Martin Maimann to turn over his majority share in the Turmoel mineral oil company to the KPOe.

The sickly hammer-and-sickle comrades (who can count on at most 15,000 aging members and a countrywide share of the vote of about 0.8 percent according to the pollsters) have thus become the owners of a money-making business on the basis of a court decree.

Despite the drop in oil prices, Turmoel is doing well. It supplies a substantial part of private domestic heating oil needs; it operates some 40 discount filling stations most of which are run by concessionaires and annual sales of the company are estimated at between 1.5 and 1.7 billion schillings. The Eastern oil business is handled primarily through "Soyuz Neftexport" in Moscow and "Petrolexport" in Budapest.

In its 80-page ruling, the Vienna commercial court upheld one major aspect of the KPOe's 1979 claim against Turmoel head Martin Maimann, i.e. that the one-time staunch KPOe member (contributions to the KPOe running into the millions were never denied) no longer really was the majority owner of Turmoel but had merely acted as a trustee of the KPOe from the start and had simply held the post of managing director.

The trade register contains the following information regarding the firm which was founded in 1953 in the then Soviet zone of occupation under the name of "Am Roten Turm Heizoel-Vertrieb" [Red Tower Heating Oil Supply Co]:

- Maimann paid 711,000 schillings into the limited partnership which entitled him to 53 percent ownership of Turmoel. He was entitled to an additional 5 percent on the basis of his ownership of Martin Maimann Ltd.
- Since 1962, the remaining 42 percent have been the property of "Chiempetro S.A." with offices in Zug, Switzerland and its share in the limited partnership amounts to 257,000 schillings.

It is an open secret that the KPOe is behind this Swiss dummy corporation.

To no one's surprise, Chiempetro promptly joined the KPOe suit against Maimann. But while the crucial aspect of the KPOe claim was upheld in the first instance and Maimann was even ordered to pay the trial costs on behalf of the party amounting to 903,774 schillings, Chiempetro had no luck with its suit and, for its part, was ordered to pay more than 954,000 schillings to cover Maimann's trial expenses.

The years of infighting which accompanied the proceedings are somewhat spicy. Not only has the amount in dispute grown to more than 15 million schillings. To support its claim, the KPOe was forced for the first time ever to disclose how it uses trustees to direct a network of business enterprises which deal with the East and whose earnings help keep the political apparatus of the low-membership political sect afloat .

Dr Hermann Gaigg, a prominent lawyer who represented Maimann , reports that a procession of KPOe-designated witnesses ("including members of the central committee") appeared in court to give well-prepared testimony to the effect that they were acting as trustees just like Maimann (according to the KPOe version).

For his part, Maimann denied the KPOe assertion that he was a trustee of the party, pointing out that no such contract had ever existed. There had solely been a trusteeship declaration in 1955 vis-a-vis the then Soviet mineral oil administration. That document had been undated and had named no names.

Just how bitter the struggle for Turmoel has been is reflected in the fact that the firm had been ordered into official receivership in the summer of 1982 by the Vienna commercial court. 3 months later, the Supreme Court rescinded the order.

Publicity-shy Martin Maimann is playing it close to the vest. "What is there to say ? I am not saying anything" sums up his brief reaction to the latest ruling by the commercial court. "Or maybe you would like to ask the KPOe," he added coyly.

The fight over the real ownership of Turmoel is by no means over. Gaigg, Maimann's lawyer, is already preparing an appeal on behalf of his client which is to be submitted in September. The next-higher jurisdiction is the Vienna superior court and beyond that, the Supreme Court might have to take the matter up once again.

In the meantime, a second front against Maimann has been opened. Simultaneous with the ruling in the first instance, the Vienna commercial court lodged charges against Maimann with the Vienna public prosecutor on suspicion of fraud. To which Gaigg's comment was : "Forgive me for yawning."

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PCLITICAL

CYPRUS

INTERVIEW WITH PRESIDENT KYPRIANOU ON STATE OF NATION

Athens ENA in Greek 3 Jul 86 pp 16-19

[Interview by Maria Rezan with President Spyros Kyprianou in Nicosia]

[Text] [Question] Well, Mr. President, my first question will be very simple. What is going on in Cyprus?

[Answer] What is going on? The time is truly difficult. Of course, for Cyprus things were always difficult, especially since 1974. Now, of course, with the initiative of the UN secretary general, which took such a turn, matters have become even more difficult. It was impossible for us to accept his proposal because, in addition to other reasons, we believe an agreement cannot function on such a basis.

[Question] Let me interrupt you for a moment. As you know, a few weeks ago I had an interview with Denktas who said that initially you had accepted the agreement.

[Answer] I read that and I must tell you right away that this is totally--totally--untrue. I tell you formally that we saw the document of the secretary general for the first time on 29 March. It was different from what we expected.

[Question] But the secretary general says, or rather he wrote to you [that the document] is the result "of joint efforts by both sides..."

[Answer] This phrase can indeed be misinterpreted. We emphasized to the secretary general that the text he sent us cannot be considered the result of joint efforts as he said.

[Question] Mr. President, one month after my meeting with Denktas I began to realize that it was too soon when I said that the only thing deCuellar achieved was to bring unanimity to the Greek side. Where is that unanimity today?

[Answer] In part we have unanimity. There is no political party on Cyprus--and I believe in Greece as well--which accepts the document in its present form. Later disagreements were related to the way we handled the issue.

But I, at least, believe our handling was correct. All our concessions through the years are incorporated into the deCuellar document...

[Question] What concessions, for instance...

[Answer] The acceptance of federation--of a regional federation.

[Question] You will probably reproach me but I will tell you that I heard people here on Cyprus say you do not want the federation at all.

[Answer] I do not say the federation is an ideal solution. But it is a historic compromise we have made. But we want a federation that will work, that is, a federation which will lead to the permanent partition, not to new troubles for Cypriot Hellenism.

For 12 years there were discussions over so many details of the constitutional framework, and all our concessions were incorporated into the deCuellar document. Yet, we have had no discussions concerning withdrawal of [Turkish] troops; what happens with the guarantees; what about the freedoms?

[Question] Mr. President, it is evident that the other side does not accept that these points should be settled first. The secretary general seems to agree with them. Well, what next?

[Answer] Let me tell you. The theory that we will go forward only on what the other side accepts would mean that we can do nothing. The secretary general must try to convince the other side, too. DeCuellar, you see, does not say our proposal is bad. He says only that the other side does not accept it.

[Question] Do you have any hope he may change his mind?

[Answer] I do not know what he has in mind at this point, but we have an obligation to continue our efforts to convince everyone that our point is valid. In my opinion, our position is reasonable and realistic.

[Question] As I listen to you, Mr. President, I have the feeling that the chasm seems to be unbridgeable...

[Answer] No, no one can say that...Of course, matters are difficult--and I do not underestimate the difficulties, but I think there is still room to explain our point of view and to convince. The Cyprus question is a subject for negotiation in the context of the UN secretary general's "good office." But the Cyprus question is also a subject for the UN as a whole, also for the Movement of the Non-aligned, for EEC, the chanceries of the various governments...

For this reason, during our recent meeting in Athens we agreed that we must intensify our efforts in all directions and especially in Europe, which must

tell Turkey that it cannot gain what it wants without a concession in favor of justice--in this case justice for Cyprus.

[Question] Mr. President, you know better than I that between what Europe or any world organization should do and what is actually done...You see, in the case of Cyprus I am thinking that since 1974 I don't know how many resolutions have been approved condemning [Turkey]...And what is the result? Nothing.

[Answer] You are right, but we have no choice but to continue our efforts to take advantage of these resolutions and gain as much international support as possible. This is not a theoretical question. No. If we persuade certain [power centers] that there can be no solution on the basis of what is offered today but that something else is necessary, and if they truly care about the security of the area, then they must follow a policy which will force Turkey to face matters in a different manner.

[Question] And yet as I read in a cable from New York, Mrs. Ridgeway told the Cypriot representative that this deCuellar draft is the last chance for Cyprus.

[Answer] For many years now we have heard "this is the last chance for Cyprus." This is nothing else than a method of pressuring us to accept something we cannot accept. This is not free negotiation. Already we negotiate under conditions of semi-occupation with Turkish troops covering 37 percent of the territory. We are small, we are weak. They know we are not in favor of war; some people consider this, too, to be a sign of weakness. Those who exert pressure must understand that this leads to a settlement which is bound to collapse.

[Question] How did we come to this point of unbearable pressure?

[Answer] There may be an impression that the Cyprus question has lasted much too long, and therefore, we should finish it. Few people stop to seriously think whether the solution will be viable for the Cypriot people, both Greek and Turkish Cypriots.

[Question] How about the Soviet officials who come and go to Athens on the Cypriot issue, nowadays?

[Answer] We support the Soviet proposal for an international conference on Cyprus. This proposal is not acceptable to the UN secretary general, the Americans, the Turks, the British. But we say either an international conference or a meeting with Denktas. Is this unreasonable? I want to meet with him to see if we can go forward.

[Question] What has changed since 1977 when Makarios and Denktas met and agreed on a federation?

[Answer] I believe the Turkish Cypriots did not want a genuine federation even then. They posed such terms that even in its best form it would have led to a form of confederation.

[Question] What is the difference between federation and confederation?

[Answer] A considerable difference. A federation is one state; a confederation is in effect an informal partition. Partition is Ankara's ultimate objective to turn one part of Cyprus into a purely Turkish section and achieve a solution which will place Cyprus under its permanent control. We have a grave responsibility for the future of Cypriot Hellenism.

[Question] Mr. President, I always believed that you labor under the heavy weight of Makarios' strong legacy. But from the moment I stepped on Cyprus I was told by many that, to the contrary, your ambition is to achieve what Makarios failed to achieve.

[Answer] Makarios' effort was to achieve a solution which would lead to a just and viable federation and free Cyprus of troops and dangers. That was his goal. Mine is the same.

[Question] As time goes by, however, people consider it a mistake that in 1963 he tried to change the constitution of Cyprus, thus provoking all that followed.

[Answer] I do not agree. There is, you know, a serious misunderstanding. Makarios never tried to impose changes in the constitution. He raised 13 points as a basis for discussion with the Turkish side. Sometime I must find the time to write all this down and restore the truth.

[Question] Everyone in Greece is envious of the unquestionable economic miracle on Cyprus, especially since 1974. But I would like to ask you. Does this enjoyment of the good life blunt the fighting spirit of Greek Cypriots?

[Answer] It is a double-edged knife. This prosperity, as you say, bothered Makarios too, and it bothers me today. I believe the Greek Cypriots and also the Greeks in Greece would not like to continue a struggle under conditions of economic misery. Neither could we keep the refugees in tents just to say, look at the victims of Turkish savagery. Then, it was necessary to restrain the people on Cyprus, and the people were restrained. On the other hand, I accept the argument that the happy life is not a good counsel in times of struggle. For this reason we make a continuous effort to strike a balance. It is a difficult and delicate problem, but in reality a strong economy is the foundation for the struggle we wage.

[Question] This famous "Cyprus File" which is always being "opened at last," do you want it opened?

[Answer] A file in the sense that there is a file full of various documents-- such a file does not exist. In reality this file must be formed through testimony. I think we owe this to the coming generations so they can learn what happened exactly and who was responsible. We hear a lot. Was there a foreign element or not? I do not doubt that many documents have disappeared, but there are individuals still alive who can tell the truth--I hope they will. It's not a question of revenge. It is a matter of uncovering the truth.

[Question] What does Cyprus see in the Greek premier's phrase, "Greece will respond to every request of the Cypriot government in the event of a new threat?"

[Answer] I think I should not analyze it publicly at this moment. This phrase may be interpreted to mean that if some quarters plan to create new troubles for the Cypriot people they should keep in mind that Greece cannot remain indifferent.

[Question] We often hear in Greece that Cyprus lost many opportunities. I remember my colleague, the editor of OIKONOMIKOS TAKHYDROMOS, Giannis Marinos, who said in a radio interview that "we rejected the Harding plan because we wanted Enosis [union with Greece], and then we violated the Zurich agreement and came down to the coup..."

[Answer] This story of lost opportunities...You know...A posteriori it is easy to speak about lost opportunities. The subject is too big, and I hope some day to write about it, too. Don't think the previous drafts were better than the present one. Only a little better. None of these drafts was leading to a solution.

[Question] Is time on the side of Cyprus?

[Answer] The continuation of the present situation cannot be an objective in itself. On the contrary, I believe that time is not on the side of the Greeks.

[Question] They blame you that in addition to fighting the Turks now you are fighting with the UN secretary general as well...

[Answer] It is not pleasant to be in disagreement with him. But our role is not to be pleasant. In any event, we never said we did not want to cooperate with him...

[Question] If the peace-keeping force leaves, what then? Who will take over 4 percent of the Cypriot territory now controlled by the UN troops?

[Answer] I know that many countries which take part in the peace-keeping force are impatient, and they say this has lasted too long. I don't think the forces will leave before there is a solution.

[Question] They say that no Cypriot leader, in view of the coming presidential election in a year and a half, dares take a bolder decision.

[Answer] It depends. If there is a solution which secures the freedom of Turkish Cypriots and Greek Cypriots and all the rest which assure the independence of Cyprus, I will not hesitate to assume responsibility.

[Question] You were born and raised on Cyprus. How do you see the Turkish Cypriots?

[Answer] Our problem is not the Turkish Cypriots. Our problem is Turkey. I don't believe Turkey cares much about the Turkish Cypriots, even though Ozal is coming here to give them courage. In the solution we visualize, the Turkish Cypriots will live much better.

[Question] The solution you visualize...In what way will it differ from the one created by the Zurich agreement?

[Answer] It will be a solution which will not be as good as that of Zurich. It will be a federation, but contain elementary conditions for stability and progress for all the inhabitants of Cyprus.

[Question] Mr. President, I was severely criticized because in my interview with Denktas I said that no Greek today wants Enosis. I respect the reaction of many readers, but...

[Answer] I think that all Greeks in Cyprus understand that today there is no question of Enosis.

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CSO: 3521/209

POLITICAL

CYPRUS

DEMOCRATIC RALLY LEADER KLIRIOSIS ON CURRENT ISSUES

Athens ENA in Greek 10 Jul 86 pp 14-15

[Interview by Maria Rezan with DR Leader Glavkos Kliriois in Nicosia]

[Text] [Question] Mr. Kliriois, where is Cyprus going? Where are the Cypriots going?

[Answer] I am afraid we are going nowhere. The reason is that we not have a national policy on the Cypriot question with short-term, medium-term and long-term goals. The current policy changes depending on who is in government in Cyprus and in Greece. By contrast, the Turkish policy on Cyprus is consistent.

[Question] Let us not forget that in Turkey there is a dictatorship and in Greece we have pluralism.

[Answer] Yes, and this may be the cost of democracy, as you say. But I also believe that in a democracy when we face a national issue like the Cypriot issue, we must rise above partisan differences to see how we can find a solution which will allow Cypriot Hellenism to live safely in the land of their fathers.

[Question] What has changed since you and all the other Cypriot political leaders came to Athens and we read in the newspapers that you had achieved complete unanimity? What has changed so that now you and President Kyprianou register your disagreements by exchanging letters?

[Answer] In Athens, when we discussed the latest initiative of the UN secretary general, we all agreed that his proposal contained several "serious" negative points. We had said then that deCuellar's document, while dealing in detail with constitutional issues offered no ideas for the solution of other issues such as the withdrawal of troops, freedom, etc. We agreed that, before taking a position on the document, we would ask that the discussion on these issues take precedent. I warned them at that meeting, however, that we could not succeed; that this was a move we should undertake but only for a short period of time and within a limited scope.

[Question] But why do it since it was a doomed move?

[Answer] It should be undertaken because it could open the way to an alternative position: to discuss all subjects side by side. We would first say that we want these subjects to have priority. The secretary general concluded that it was not possible to do so. Then we would ask for a side-by-side discussion.

But the Cypriot government and the Greek government decided to insist on the first position. The result was that we came to quarrel not with the Turks but with the UN secretary general. In my view this is harmful to Hellenism of Cyprus.

[Question] What would you say to Denktas if he were here?

[Answer] I would talk with him.

[Question] You talk with him from time to time...At least that's what we hear...

[Answer] I would discuss with him constitutional as well as territorial issues, because I believe a summit meeting to deal with withdrawal of [Turkish] troops, etc., would lead to an impasse. We need much work behind the scenes to find a solution for withdrawal of troops.

[Question] But in the meantime you would have accepted the deCuellar draft...

[Answer] With reservations on certain points which I had noted during the Athens conference.

[Question] Now, how far are you prepared to go in your disagreement with President Kyprianou?

[Answer] My objections will certainly remain as long as Kyprianou continues to perpetuate the impasse with his inept handling.

[Question] Give me an example of a move you would consider appropriate.

[Answer] We could inform the secretary general that we have reservations on constitutional issues--as do the Turks--and that on the remaining issues we would like a side-by-side discussion. In this way, the secretary general would know that he faces two reservations, but I would avoid a clash with him.

[Question] Aren't you afraid that with what you say, with the positions you take, you will be accused of being soft, to say nothing else...

[Answer] I am burned all over. I have been called a friend of the Turks. I have been accused of being soft; I have even been called anti-Greek. But at the time of the Turkish invasion and occupation I said the only solution was a bizonal federation. They condemned me. Then, later I said

that if we continued to keep up the impasse, the Turks will declare a separate state. Then, they called me a defeatist. Now I say that the separate [Turkish-Cypriot] state may be recognized by certain Islamic countries--and again I am accused of being a defeatist. So I am used to these adjectives, and am not bothered by them...

But think, if in 1974, when the Cypriot problem was a hot issue of invasion and occupation, the UN told us to start negotiations, what are they going to tell us now after 12 years? They are going to tell us again: start negotiations. Is anyone going to send armies to chase the Turks away? Of course not.

[Question] The presidential election in Cyprus will take place in a year and a half. Does this election play a role in these disputes among the political parties?

[Answer] I don't think so. On the contrary, every party which aspires to office wishes, I think, to find the Cypriot problem solved by the previous government. Let us not fool ourselves, there is no easy solution. For this reason, I had proposed to Kyprianou to form a government from all parties and assume the responsibility for a solution. He did not accept the idea.

[Question] What complaints do you have against Greece--if you have any, of course.

[Answer] With regard to the governments prior to the dictatorship, I have the complaint that they never charted a clear policy on the Cypriot problem. With regard to the crimes committed by the dictatorship on the Cypriots, it's better to say nothing--they are well known. Now we have the declared support of the Greek government, but the separate [Turkish Cypriot] state was established and Greek support remained academic. You saw the Turkish forces increase in number but we saw no increase of the Greek presence.

[Question] Do you believe the Turks may take over the entire island?

[Answer] The Turks do not engage in hasty actions on the Cypriot issue. They wait for us to make our own mistakes. At this moment I do not believe they have decided to take over the entire island. They act according to developments and the possible errors we may commit.

7520

CSO: 3521/208

POLITICAL

FEDERAL REPUBLIC OF GERMANY

GOVERNMENT ISSUES REPORTS ON EXTREMISM, TERRORISM IN 1985

Bonn DAS PARLAMENT in German 28 June 86 p 9

[Unattributed article: "Zimmermann Presented Report on Protection of the Constitution 1985"/Number of Terrorist Acts by Left Extremists Has Risen/For the First Time, Chapter on Protection of Secrets]

[Text] On June 10, Minister of the Interior Dr Friedrich Zimmermann, before the press in Bonn, presented to the public the report on the protection of the constitution 1985. Publication of such a report is a part of the duties of the Federal Government to inform the public on extremist endeavors. In the 1970's, this duty was confirmed by the Federal Constitutional Court. The establishment of the Protection of the Constitution German intelligence service against subversive activities, among other things, is mentioned in Articles 73 and 87 of the Basic Law. The report on the year 1985 proves that political extremists have used increased terror and force in the past year to attain their subversive goals. Compared to 1984, the number of terrorist acts by left extremists rose from 1,269 to 1,604. The number of terrorist acts perpetrated by right extremists has dropped from 83 (1984) to 69 (1985). The report on the protection of the constitution also shows that the activities of terrorists and hostile secret services against the FRG have continued unchanged. For the first time, the report also carries a separate section on "Protection of Secrets." According to Zimmermann, it is of great importance as preventive counter-espionage. Over-all, the Minister of the Interior assessed the report on protection of the constitution 1985 as proof that our state "successfully passed the challenge of extremism and terrorism, and increasing politically motivated violence." Among other things, the minister stated before the press the following details:

Left Extremism

In 1985, also, the activities of left extremists aimed at preparing the ground for a gradual dismantling and final abolition of our free, democratic basic order. The number of acts of violence, motivated by left extremism, rose from 1,269 in 1984 to 1,604 in the year under review. The number of terrorist attacks contained therein rose from 148 to 221 compared to the previous year. The proportion of particularly serious

cases was again strikingly high. Total damage caused by terrorist attacks is estimated at more than DM 35 million.

The number of members, and the structure of organized left extremism, hardly changed in 1985. After deducting multiple memberships, membership of left extremist organizations remained almost the same with 61,300 members (61,200 in the previous year). Membership in organizations influenced by leftist extremism, also excluding multiple memberships, decreased slightly with 51,500, vs. 55,300 in the previous year. Circulation of periodical publications of left extremist core and subsidiary organizations remained almost the same with individual copies of 4,867,925 (1984: 4,905,700), and a total annual circulation of 35,025,600 (1984: 35,098,800). Dominant subjects and fields of action of the left extremists were again protests against NATO and against strategic projects in the Western defense alliance, as well as the so-called "anti-Fascist struggle" and solidarity with "revolutionary movements" in the Third World. Other campaigns were directed against measures for the protection of internal security and against economic and social policy.

Left extremist parties want to overcome continuing failures in elections through election alliances. This willingness has grown further among the alliance partners of the left extremists. In elections to student parliaments, left extremist and left extremist-oriented groups captured 29.5 percent of the seats, a 1.3 percent increase over the previous year.

With its numerous subsidiary organizations and a far-reaching network of associations under its influence, the "German Communist Party" (DKP) and its equivalent in West Berlin, the "Socialist Unity Party of West Berlin" (SEW), remain organizationally the strongest and most active force in the left extremist spectrum. Membership in the DKP and SEW and its subsidiary organizations--after deducting multiple memberships--remained unchanged from the previous year with 54,375. The corresponding figure in organizations influenced by the DKP and SEW dropped slightly from 53,250 in the previous year to 49,875. In 1985, also, DKP and SEW subordinated themselves without reservations to the ideological and political dicta of the "Communist Party of the Soviet Union" (CPSU) and the "Socialist Unity Party" (SED). As part of the "Communist world movement," they are supported by foreign "fraternal parties" and directed and largely financed by the SED.

The Moscow-oriented communists see in the "alliance policy," i.e., cooperation with non-communist forces, the decisive means to broaden the political base for implementation of political demands of the day. In the intent of the communists, these demands must be appropriate to bring them closer to the final goal of a communist state and social order. It can also be demands which, in themselves, are not subversive. Orthodox communists were successful with their "policy of alliance" in 1985, also. They could rightfully claim that in recent years, they succeeded to a considerable extent in breaking out of political isolation and that willingness "to go into action jointly with them" had grown. As experience has shown, cooperation with communists promotes their initial

revolutionary stages, but weakens one's own political position. At universities and in individual campaigns, DKP and SEW with their subsidiary organizations and those under their influence reached far beyond their circle of adherents because of the alliance policy fostered by them.

The groups of the "New Left," i.e., left extremists who must not be ascribed to Moscow-oriented communism, remained splintered ideologically and organizationally. In 1985, also, they participated in planning, strategy discussions and actions of the so-called "peace movement." Other subjects were, for instance, "anti-Fascism work" and resistance against new technologies with the slogans of "supervisory state" and "computerization." Most groups of the "New Left" favor political violence; many, especially politically "autonomous" ones, also apply it--the transitions to terrorist action forms continue to be in flux.

Terrorism

The crimes of terrorists increased again in 1985. The "Red Army Faction" committed two murders: on 1 February 1985, MTU-chairman Dr Ernst Zimmermann, on 7/8 August 1985, US Army soldier Eduard F. Pimental were assassinated. The bomb attack on the US Rhein-Main Air Force Base of 8 August 1985 was also meant to kill people. Two persons died, many were injured, some of them severely. In two cases, the perpetrators died while transporting homemade explosive devices.

About one-fifth of all attacks were directed at military installations of the German army and NATO alliance partners, as well as enterprises that also manufacture armament products. Buildings of the police, justice administrations and other authorities were secondary targets. Industrial enterprises, department stores and financial institutes were also targeted for attacks.

The "command sector"--i.e., the gang members gone underground--of the "Red Army Faction" with about 20 persons has again the personnel strength of the mid-1970's. As before, the "Red Army Faction" managed to balance the numerous arrests in the past with new gang members from surrounding sectors.

After there had been a decline in terrorist activities by the "Revolutionary Cells" and their autonomous women's group, "Red Zora," in 1983 and 1984, the number of arson and explosive attacks during the year under review was again clearly on the increase (a total of 18).

In addition to the "Red Army Faction" and the "Revolutionary Cells," numerous other groups--primarily of the left extremist autonomous scene--, but also individual perpetrators are responsible for a large share of the arson and explosive attacks. They often follow the concept of the "Revolutionary Cells" in selecting the targets for attack as well as in planning and implementation of the attacks.

Right Extremism

German right extremists--some openly, some covertly--strive for totalitarian or at least authoritarian government forms and reject parliamentary representative democracy. Their mainsprings are a nationalism which limits human rights of freedom excessively and is directed against the idea of international understanding, as well as racism, which often includes a militant hostility against Jews and foreigners. The Neo-National Socialists (neo-Nazis) among the right extremists want to reestablish an NS state. They deny NS crimes and German guilt for the outbreak of the Second World War.

In 1985, right extremists committed 69 acts of violence, five of them terrorist attacks. This means a decrease compared to the previous year, when there were 83 violent acts, 11 of them of a terrorist nature. The number of threats of violence also dropped in the year under review, namely from 159 in the previous year to 127. Nevertheless, the willingness to commit violence persists particularly in neo-Nazi circles, which is also demonstrated, for instance, by numerous finds of firearms, ammunition and explosives.

While the number of right extremist organizations shrank from 99 in the previous year to 78, the total membership of right extremist organizations remained constant at 22,100. Membership of the "National Democratic Party of Germany" (NPD) with about 6,100 members remained as steady as that of the "German People's Union" (DVU) with over 12,000. Nationalist-neutralist efforts, which had primarily been fostered since the beginning of the 1980's by the NPD and meanwhile have been adopted by almost all of the right extremists with the exception of the DVU, often go hand in hand with militant anti-Americanism which already in the past has led to serious attacks on U.S. soldiers stationed here.

The number of known neo-Nazis during the year under review rose from 1,350 to 1,420. The "Social Revolutionaries" or "National Revolutionaries," who are increasingly gaining a voice within German right extremism, are Neo-National Socialists. They base themselves on the left, so-called Strasser wing of the NSDAP in the Weimar Republic and reject Hitler as the leading figure of national socialism. Frequently, this wing sees its political position in the proximity of left extremists and so-called "anti-Imperialists."

The militant-acting neo-Nazi circles maintain intensive contacts with like-minded foreign adherents, whereby organizational or propagandist plans and conspiratorial arms procurement frequently play a role. The attempts, especially by neo-Nazis, to indoctrinate violent Skinheads, have failed almost everywhere. Nevertheless, they are a potential for violence which they like to use against political enemies.

The total number of right extremist "publications" remained unchanged at 87. Their actual total circulation increased in the reporting year by 81,600 to 8,538,600.

Foreign Extremists

As in previous years, foreign extremists agitated primarily against the political, economic and social conditions in their homelands. Compared to the previous year, previously noted agitation against conditions in the FRG and foreign policy decisions of the Federal Government was increased by some groups of foreign extremists. As in previous years, foreign extremist groups on German soil impair security and important internal and foreign policy concerns of the FRG. Palestinian, Turkish, Kurdish, Iranian and Yugoslav extremist groups were the most noticeable. Furthermore, there were indications during the reporting year that terrorist operations were directed by foreign government authorities, who are persecuting their opponents abroad.

The membership of organizations of extremist foreigners remained nearly the same with about 116,300 (1984: 116,000). During 1985, 81,550 of these belonged to left extremist organizations, 3,000 to right extremist groups, 20,300 to Islamic-extremist associations, and 11,450 to nationalist extremist groups.

Palestinian groups continued activities endangering security. Over-all, however, activities by branches of Palestinian resistance organizations in the FRG remained few. In other European countries the number of attacks and attack preparations by Palestinian commandos increased considerably.

The decline of Yugoslav exile organizations continued. Efforts to overcome the splintering of Croatian emigrants through mergers, failed. As in the previous year, no political assassination attempt on exiled Yugoslavs in the FRG took place.

The number of attempted or implemented acts of terror or other serious acts of violence grew from 9 to 15 compared to the previous year. On the other hand, the total number of acts of violence, including lesser acts of violence such as damage to property and unlawful entry, clearly declined from 108 in 1984 to 76 in the year under review.

9917

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POLITICAL

FINLAND

SKDL CHAIRMAN SAYS GROUP MAY SUPPORT KOIVISTO CANDIDACY

Helsinki HELSINGIN SANOMAT in Finnish 19 Jul 86 p 7

[Article: "SKDL Considering Joining Koivisto's Election Alliance, Decision Will Come After Government Negotiations"]

[Text] The Finnish People's Democratic League is considering the idea of supporting President Mauno Koivisto in the 1988 presidential elections and joining Koivisto's election alliance along side of the SDP.

SKDL Chairman Esko Helle stated on Friday in an interview with SUOMEN SOSIALI-DEMOKRAATTI that "at this time it still appears that our own candidate has precedence over any others, but it will be entirely possible to discuss an election alliance and conduct negotiations in due time".

Helle emphasized that the SKDL has not yet made any decisions on the presidential elections.

Helle ties the negotiations on an election alliance directly to the parliamentary elections next March and to the government negotiations following them. The SKDL will not make any decisions on the presidential issue before the government situation is resolved.

Helle makes it understood that the SKDL could support Koivisto if the SKDL and the SDP can find a common line on government policy and government cooperation.

Thus the SKDL's entry into government could result in party support for Koivisto. Helle, however, does not say this directly. The decision will also be influenced by how well the SKDL succeeds in the parliamentary elections: should a poor election showing be rectified with its own presidential candidate.

In Helle's opinion the rapprochement of the SDP and the SKDL has recently become indisputable as the Center Party has begun to find a new government partner in the Conservative Party.

"If the Center Party's change in policy line remains permanent, it will only push the left wing in the same direction and will increase the possibilities of joint appearances," says Helle.

"Significant Effects"

SUOMEN SOSIALIDEMOKRAATTI jubilantly accepts Helle's cautious offer of participation in a Koivisto alliance in its editorial on Friday. The repercussions of a broad Koivisto alliance would be significant, says the paper.

"A broad front, in which non-socialist factions can be well accommodated and are expected to participate, would make the the outcome of the presidential elections completely clear already in its inception. The organizing of an election alliance is tedious and requires time. The SDP's leadership has already alleviated and clarified the situation by promising to push up the election schedule," declares the SDP's chief organ.

The assembling of a broad election alliance behind Koivisto was proposed a year ago by SDP Chairman Kalevi Sorsa in an interview in September 1985. Nothing has really been heard about this matter since then.

No party has yet announced its intent to join Sorsa's alliance project. The SDP itself intends to give preliminary consideration to Koivisto's candidacy at a meeting of the party council in November.

Koivisto was the SDP's candidate in the 1982 presidential elections. The Constitutionalists also declared their support for Koivisto in advance, but they did not receive one elector.

In addition to his own electors, the SKDL's majority faction members as well as the Rural Party's only elector, Pekka Vennamo, supported Koivisto in the first round. Koivisto received an unconditional majority in the first vote.

If the SDP includes other parties in the 1988 Koivisto alliance, they will perhaps be the SKDL, the Finnish Rural Party, and the Taistoite [Stalinist] election party, the Democratic Alternative. The Taistoites have changed their course and have recently expressed some positive opinions about Koivisto. Some think that the RKP [Swedish People's Party] is also considering support for Koivisto. This could, however, cause a serious rift in the cooperation of the political center.

The Liberals have already announced that they will not support Koivisto. The Center Party has named its own candidate and the Conservative Party is preparing to do the same.

10576

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POLITICAL

FINLAND

PAPER: PRESIDENTIAL RACE GETTING MOST ATTENTION

Helsinki HELSINGIN SANOMAT in Finnish 20 Jul 86 p 2

[Editorial: "Parliamentary Elections Remaining on Sidelines"]

[Text] The approach of two important elections appears, to some degree, to be a problem for the parties. There are 8 months until the parliamentary elections and 18 months until the election of a president by the electoral college. The political debate, however, almost exclusively revolves around the initial activities in the presidential elections. The Center Party's early start, although completely in accordance with party rules, has created a surprising amount of activity in the whole political arena.

From the speeches during the summer it can be concluded that the Social Democrats have as a matter of fact become convinced that President Mauno Koivisto will run as a candidate in 1988. Esko Helle, the chairman of the SKDL [Finnish People's Democratic League], for his part, has said that even though the SKDL is still considering the nomination of its own candidate, the inclusion of the league in an election alliance supporting Koivisto is an alternative that has not been excluded. This seems to have encouraged the Social Democrats, who hope that Koivisto's election alliance would be broad based.

Among the non-socialist parties, the Center Party has already declared its candidate to be Chairman Paavo Vayrynen. The Conservative Party is leaning toward the candidacy of bank director Harri Holkeri. No real deliberations were conducted behind the scenes during the spring for finding a joint candidate among the non-socialist parties, and subsequently the Center Party made its own decision.

What the small parties will do is still anybody's guess. Their role is marginal, although the history of presidential elections demonstrates that marginal factors have often been of decisive importance. This time considerable attention is being directed toward the Swedish People's Party: will it nominate its own candidate or will it join Koivisto's election alliance.

The candidacy decisions of the major parties, which are now under consideration, is making the picture rather clear for voters. There will be a possible

joint candidate of the socialist parties and two non-socialist presidential candidates, one from the Center Party and the other from the Conservative Party. The basic pattern provides for the possibility that the presidential elections can become a real election, as has been hoped, and not a mere formality.

There is nothing now that can be done for the fact that the parliamentary elections next March will be conducted in the shadow of the approaching presidential elections. It is already now apparent that government negotiations after the parliamentary elections are to be an inter-party marketing event tied to the presidential elections. Government negotiations may become incredibly difficult. Each party will strive to make certain that it will not end up supporting the goals of another party in the presidential elections. There is reason to be concerned about the kind of government that will be ruling the country from March 1987 to February 1988.

The parties should now hasten to focus the debate on the parliamentary elections, the central questions to be brought up in them, and thus the election platforms. The parliamentary elections should always be elections dealing with a definite policy with respect to ideas and issues. If the political debate is not directed toward them, the impression can be created that the parliamentary elections will only be a tactical play for the presidential elections.

10576

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POLITICAL

FINLAND

NEW GROUP SEEKS POLITICAL PARTY STATUS

Helsinki HELSINGIN SANOMAT in Finnish 22 Jul 86 p 7

[Article: "Another New Association Knocking At Party Registry"]

[Text] The party registry is becoming crowded this summer. The newest aspirants to the registry are the leaders of the Finnish League of Unemployed, who are establishing the Free Left-Wing Party.

Last Friday the party aspirant was accepted as an association in the Justice Ministry. Being registered as a party, however, presupposes the support of 5,000 eligible voters. The Free Left-Wing Party (VVP) intends to acquire them before next spring's parliamentary elections.

Vice-Chairman Antti Koistinen of the brand-new association states that the VVP will promote the cause of low-income and poor people, which has been forgotten by all the other parties, including the traditional left-wing parties.

The rich have no reason to join the Free Left-Wing Party according to Koistinen. The limit on income has been drawn at 5,000 and property cannot exceed a value of 200,000 markkaa. "If necessary, income will be verified so that the rich cannot get in to hinder development," he says.

According to the vice-chairman, the most important goal of the Free Left-Wing Party is to obtain a minimum public wage. In order to promote this, the party is attempting to be included in the parliamentary elections and "if something exceptional happens, in the presidential elections also".

However, there is a great need for haste, even Koistinen admits. Among the new aspirants, the Pensioners' Party and the Taistoite [Stalinist] Democratic Alternative are already in the registry. In addition to the Free Left-Wing Party, a wing that managed to split from the Pensioners' Party is aspiring to be included in the registry and has already begun to collect signatures.

According to Koistinen, the VVP already has a group of definite program points, even though he will not attempt to place the association on a party map. "Indeed, it is a left-wing party, that is why the name was chosen," he explains.

The leaders of the League of Unemployed and the Free Left-Wing Party have themselves been rank and file members of the SDP [Social Democratic Party] and the SKDL [Finnish People's Democratic League]. Chairman Ahti Korkiakivi has been active in Social Democratic circles in Helsinki, and Vice-Chairman Koistinen also states that he was a member of the SDP about 20 years ago. The association's secretary, Leo M. Nieminen, who is from Tampere and is slated to be party secretary, for his part, is a former People's Democrat.

According to Koistinen, the delegation of unemployed mobilized by residents of Kajaani has no relationship with the League of Unemployed any more than with the VVP. "Different people are involved there," he assures.

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POLITICAL

FINLAND

CONSERVATIVE PAPER ON DECISION AGAINST JOINING EUROPE COUNCIL

Helsinki UUSI SUOMI in Finnish 13 Jul 86 p 2

[Editorial: "Incorrect Impression of Finland"]

[Text] The Finnish Government's shirking of its responsibility to inform the public with respect to the effects of the Chernobyl accident on Finland has revived the already buried talk of Finlandization in many European countries. The old arguments seem to be quite suitable, for example, for a book being published by a prestigious English newspaper.

An attempt has been made to learn from the experiences of this information catastrophe in the spring. Thus one of the themes of the traditional meeting of ambassadors to be held in late summer will presumably be Finland's impression in the world as a result of the reporting of the Chernobyl incident. The subject is especially important since little is known in the world about a country the size of Finland. And even little knowledge can include negative and distorted impressions since sensational and negative news most easily crosses the threshold of newsworthiness.

Partially in connection with the outside impression of Finland and partially for other reasons it is expected that Finland's relationship with the European Council will be brought up at the meeting of ambassadors. For some reason we have deemed it necessary to remain outside of it as the only European country outside of the socialist camp. Even Switzerland is a member of the council even though it considers that its neutrality does not allow membership even in the UN.

We have not felt a need to join the European Council since we have been invited as outsiders in all of its activities. Thus it is said in the Foreign Ministry that even now there are no plans to apply for membership.

The reason for remaining outside has been that previously the European Council was associated with the promotion of opposition between East and West during the Cold War. But since actual political and economic questions have been transferred to the European Community and other organs, the predominant activities of the council now relate only to cultural, judicial, and social questions. For this reason, even those arguments by which primarily certain segments of the left wing have opposed membership in the council no longer exist.

If membership cannot demonstrate any particular benefit, there is, for its part, unambiguous evidence of the fact that remaining outside can cause hindrances. Finland's negotiators experienced distrust resulting from being an outsider when we were seeking to join Eureka, whose other parties are all naturally members of the European Council.

Seppo Pietinen, chief of the Foreign Ministry's political section, stated last week that remaining outside may, perhaps, give an incorrect impression of us and arouse allegations of Finlandization.

It may not cause, but will unambiguously cause. The above map serves as a graphic example. It is based on a certain publication of the European Council and locates Finland as a member of the socialist camp. This only for the reason that it divides Europe in half, into European Council members and others, which happen to include Finland in addition to the Warsaw Pact countries. The Foreign Ministry's press section will have its work cut out for it before Finland's image in Europe is corrected after the publication of such a map. And it is doubtful that this map is the only one of its kind.

Since there are no real obstacles to joining the council, then why in the world do we continue to give cause for misconceptions by remaining outside of the council.

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POLITICAL

CFEECE

PASOK CHARGED WITH PROTECTING SALONICA ANARCHISTS

Athens I VRADYNI TIS KYRIAKIS in Greek 15 Jun 86 p 5

[Article by Prof. of Criminal Law Alex. Katsandonis]

[Text] The outburst of Public Order Minister Andonis Drosogiannis and the mop-up operations against anarchists at Exarkheia unfortunately did not remain without an answer.

This time it was Salonica that paid a heavy price to the vengeful fury of the known marginal youth who have been nurtured--in the most lenient version--and maintained in an ideological-political manner by the government's fickle attitude.

In another, more realistic view, they are being used by our socialist government as a means of political disorientation and the psychological preparation of the citizens for certain suspicious limitations on personal liberties "in the name" of (what else) democracy!

This time the Physics and Mathematic School of Salonica University was the victim. It was almost destroyed, while on the walls amidst the cinders from the fire one could read slogans which clearly showed we have to deal not only with young people but also individuals with disturbed minds. One slogan read: "The joy of burning the School belongs to you!"

Even worse: A police patrol vehicle was attacked with Molotov cocktails by the anarchists and set on fire. Two policeman riding in it were seriously injured and one of them is fighting for his life. Those who occupied the School were allowed to depart undisturbed around noon on Sunday, with faces covered so as to avoid recognition by the police, 12 full hours after the murderous attack on the patrol vehicle.

At the very moment the surgeons were performing a tracheotomy on the wounded policeman to save his life at Georgios Papanikolaou Hospital, Fatouros, the rector of Salonica University (who is also being considered by PASOK as a candidate for mayor of Salonica), convened the University's Senate to declare his "happiness" on the "favorable ending" to the "occupation" of the School (a declaration which no doubt improves his chances for candidacy).

On its part the Senate congratulated Fatouros for his "success" and in unison discovered that after all the damages to the School were not too serious!

After that, Drosogiannis again became angry and revealed to the dumbfounded journalists that nine persons had been arrested for the merderous attack on the two policemen.

But after the Krystalis fiasco and the repeated announcements on the impending arrest of so many supposed "suspects" for various murders which in the end remained unsolved, we have learned to carry a small basket when we hear big promises.

Prior to any other observation it would be worthwhile, I think, to comment on the manner in which the two policeman were put out of commission. This manner derives from the policy the government applies against anarchists.

Inside the patrol car were five policemen. All five were armed. One anarchist broke a window while another hurled a Molotov cocktail inside. Three policemen were able to jump out and save themselves. The other two did not make it and were seriously wounded. One of them may lose his life. No one was arrested, which shows that the policeman wanted above all to save their own lives.

At this point one can reasonably ask: How come five armed policemen did not see the anarchists coming upon them with crowbars and bombs? Why did they not use the guns their service gave them?

The reason they did nothing to defend themselves and apparently only tried to get away is simple. If they shot the criminals who were coming at them they faced the risk of hearing the country's premier call them--as in the case of their colleague named Melistas--"despicable murders."

There is no justification whatever for any delay in dealing effectively with anarchists.

Anarchists have nothing in common with terrorists like those of 17 November. Anarchists are not in hiding. They do not hit suddenly and then disappear swiftly and silently. They move freely, openly declare their belief, and with as much noise as possible destroy with clubs, chains, crowbars, and without any interference anything they find. Some times under the eyes of policemen they move to occupy buildings while they defiantly shout that they are anarchists.

The police authorities know every one of them--know anarchists in every area--since they do not hide. Even their appearance advertises their identity.

Every one knows that if the policemen did not constantly fear they would violate the anarchists' "human rights" (the...right to destroy, to set

banks on fire, to burn the offices of political parties and installations of law-abiding newspapers, to occupy buildings, to plunder, and lately to attempt the physical elimination of their opponents) and that they would be penalized for it, they would have these anarchists arrested within a few hours. All of them!

If this is not happening, Mr Drosogiannis, it is because there are some people protecting them because they need them. The "protectors" of the anarchists fall into two categories: Some "centers of power" from the several that exist within PASOK, which come and go, to come and pass again. This protection appears to be "incidental".

There are also more "permanent" protectors like those who ordered the "cleaning" of the Physics and Mathematics School of any traces of the anarchists before the police had a chance to conduct a search and identify the 60 occupiers.

But between us, Mr Drosogiannis, the anarchists are already known to the police--including those who went in and out of the School leaving behind charred ruins.

But one may ask another question. Is there no public prosecutor for the area? Did not the public prosecutor learn that 60 anarchists were planning to violate public peace and public property? That they were destroying an entire school at the university? Was not his duty to intervene? But let us leave the public prosecutor aside.

Here in Athens we have come to the point of initiating court action against the...director of the Chernobill atomic plant after the accident! Yet, there is not one responsible and courageous person in Salonica's local university to initiate court action against the perpetrators and especially against those who protect them, against those who allow them to gather every evening behind the School of Theology and plan the occupation and destruction of buildings, and attacks against policemen?

[To initiate action] against those who provide a "safe haven" for the "boys" at the expense of public property, public peace, and public security, for the sake of their own personal ambitions.

This is your target, Mr Drosogiannis, if you want, of course, to associate your name with a truly great service to the Greek people. Because, as soon as the various protectors disappear and the hands of the police are untied, one can be sure that events such as those in the School will not be repeated, not in Salonica, not anywhere else. That's where the root of the evil lies.

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POLITICAL

GREECE

FORMER PASOK OFFICIALS HOLD CONGRESS

Athens TA NEA in Greek 9 Jul 86 p 6

[Article by Vasilis Tzannetakis: "SSEK's Ambitions Are Political"]

[Text] The Socialist Syndicalist Workers Movement [SSEK], made up of cadres who either left or were expelled from PASOK, started the second phase of its activity with very ambitious goals.

Long term, these goals aim at the political (partisan) expression of PASOK's disillusioned cadres and followers, but also those who come from "the groups of the traditional Left, groups which no longer express them" (as noted in the report of the SSEK Congress).

The main element in the SSEK Congress is its decision not to immediately turn it into a political entity and continue its activity both as a syndicalist movement and as an entity which will play an independent and broader role within the Left.

At the same time, SSEK's views on the Left, which are anything but "friendly", give the impression that this entity, in spite of its official syndicalist character, wants to appear in a way as the "consciousness" of the Left. It notes mistakes, omissions, weaknesses, inconsistencies, even "treacherous acts," while it charts what it considers to be a sound course for this much-suffering political camp.

Corrosive Criticism

Starting with an evaluation and condemnation of governmental policy and mentality, SSEK goes on with a corrosive criticism of the traditional Left. It accuses it [KKE] of being incapable of playing the role of the spokesman for the leftist movement. It even claims that KKE has exhausted its capabilities to expand its influence and play a more effective role in the shaping of political developments.

Based on these general observations, SSEK wishes to appear as the spokesman of the radical segment of the peoples movement, following its assessment that there is a "political vacuum."

Bringing the Forces Together

SSEK's political presence so far shows a bi-polar orientation in terms of goals: Short term, it wishes to bring together the forces (and parties) of the Left around common targets, as in the case of the municipal elections; long term, it seeks the creation of an autonomous political entity beyond and outside existing entities.

But this inevitably gives the impression that SSEK, possibly after a certain point, will begin to operate in competition with the [two] parties of the traditional Left, since presumably all three entities try to fish followers from the same pond, i.e., the "disillusioned PASOK voters." At the same time, however, SSEK wants to attract followers of the two communist parties, a fact which will turn it into a competitor of the Left.

Given all this, SSEK could become a target of all the parties which claim to represent the Left. So far, however, it has only secured the enmity of PASOK, while the two communist parties officially maintain good relations, hoping for direct or indirect cooperation.

Filling the Vacuum

The SSEK Congress, speaking on its role in the political game, states that there is a political vacuum which cannot be filled by the existing entities, and claims that "objectively there is a pressing need for creating a new political entity which will reconstruct the political Movement of Change, beyond the established entities and their functioning."

At the same time, opposition is expressed to the idea of "trying to fill the political vacuum as a matter of seeking to win over some political following by creating one more party machinery which will refer to the workers but which will be isolated from them and their struggles--a machinery referring to their problems, not to promote their solution, but to assure its own survival."

The barbs directed against the traditional Left and especially against KKE, at this point, are much too evident.

SSEK's political activity has, therefore, a somewhat "strange" aspect. While it hopes to bring together the various tendencies within the Left, it retains a climate of criticism against the Left, which "logically" does not contribute to the confluence or even temporary cooperation, even though the latter seems to have been achieved in whole (as in Salonica) or in part (as in the case of Athens).

It seems to be contradictory that on one side SSEK seeks cooperation with the forces of the Left and on the other charges these forces not only with tactical mistakes--which in a last analysis is proper to be criticized, but also to exist--but with "errors of strategy." This does not set well with the overall spirit of "unity".

Certain political observers feel that SSEE overestimates its potential and does not understand the real intentions of the rank and file, and moves in a way with "groundless" views, ignoring the political reality and the established view on the Greek political stage. This view holds that political efforts "unconnected" with political parties do not prosper; and on a long-term basis do not find the popular response they hoped for at the time they started.

Cultivated by PASOK

For obvious reasons, of course, PASOK cultivates this impression. PASOK has shown that it cannot tolerate a "left opposition," especially when such opposition has its party origin in PASOK's ranks.

The decision of the Congress not to transform the movement into a political entity [a party] could be regarded from a certain viewpoint as a show of "timidity" and as an effort to postpone the problem which exists within the ranks of SSEE with the presence of a faction which does not favor politicization, probably because it still hopes that "something" can be done with PASOK.

However, SSEE assessments about PASOK and its policy do not allow much room for illusions that there are chances for some future cooperation. The wing which opposes politicization would like such future cooperation. It does so, not so much as a matter of principle, but in order to avoid a final burning of bridges with PASOK which they think still has elements of health. On the contrary, the opposing wing is of the opinion that PASOK has already made its choices and there is a chance to "improve itself."

There Existed Fears

Satisfaction shown by PASOK circles for the SSEE decision not to become a party could be interpreted as proof--or at least an indication--that PASOK, in spite of its assurances to the contrary, was somewhat afraid that the politicization of SSEE could cause problems.

If the official assessments that SSEE has no political future were valid, and soon it would fade out, then, "logically" the politicization of the group would simply speed up its decay, something which does not seem to be likely at this point.

Moreover, the role SSEE played in developments relating to the municipal elections and its contribution to the shaping of the electoral formations of the Left, as contrasted to those of PASOK, gave to the group a political dimension and made it--with KKE's tolerance--a factor of political life at least within the Left.

In the case of Athens in particular, SSEE played--or tried to play--the role of "a connecting substance" between KKE and KKE-Int., which are constantly feuding, in order to promote wider cooperation with the Left.

Contribution to Cooperation

It is possible that this effort did not succeed since KKE-Int. did not agree for reasons which in reality go back to the troubled periods of the communist Left. This, however, does reduce SSEK's contribution to the achievement of cooperation with two political areas, one of which it characterizes as "social-democratic" and the other as "absolutely tied to the international policies of the USSR."

On the other hand, the decision of the Congress could be interpreted as a maneuver designed to bring about a temporary reduction in disputes and to avoid a breakdown which objectively would be charged against SSEK and undermine its credibility before it had a chance to complete the first phase of its political presence--a presence which was manifested by the role it played in the shaping of candidacies for the municipal elections.

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POLITICAL

GREECE

ND LEADER GIVES WIDE-RANGING PRESS INTERVIEW

Athens ELEVTHEROTYPIA in Greek 4 Jul 86 pp 12, 36

[Text] ND Leader K. Mitsotakis talked on all foreign and domestic issues in a wide-ranging press conference at the Zappeion Building. The conference was broadcast over TV in the evening. Mitsotakis criticized the government across the board, predicted an "economic catastrophe," and expressed "grave concern" for the course of Greek affairs.

Mitsotakis spoke on the municipal elections in a moderate tone, different from that in the past, and refused to state clearly whether he would call for a parliamentary election in the event his party does well in October. He only said that something of the sort "is within our possibilities and abilities..."

Speaking on foreign issues, Mitsotakis stubbornly insisted that the government must go ahead with a dialogue with Turkey and said that--as it happened when ND was in power--the subjects for a dialogue are: the continental shelf, national air space, minority issues, and the Cypriot problem.

The following were discussed more specifically at the press conference [questions by journalists representing various newspapers are indicated in parenthesis]:

M. DIMITRIOU (TO VIMA): It is generally believed that ND has not benefited from the PASOK losses, whatever they may be. Some say that this is your fault, personally; others that this is due to the quarrels within ND; others that this is the fate of the party. I don't know. Do you accept these views or do you have something else to say?

K. MITSOTAKIS: I am glad to hear that you, too, find that PASOK has lost its appeal. It's a first observation corresponding to reality. Now, with regard to the progress of ND, don't worry. Our party gains ground steadily and constantly.

As I said previously, we are a party of power. We feel responsible for the future of this country. We do not imitate PASOK as an opposition party. We address ourselves to logic and a sense of responsibility towards the Greek people. We believe we'll gain more through maturity than through demagogery.

I would like to add that in the last election ND received the same percentage as in 1977 when it formed a cabinet. I raised the ND percentage by 5 percent and I will raise it in the next election by another 5. We know how and from where to gain the percentage we need. In this way we'll become the government.

With regard to the economy, let us start with one observation. Who shares and who does not share the view that our economy is doing badly--this is the subject on which I do not wish to start arguing.

Since I am sure that later we'll talk about the economy, let me read to you one phrase from a report published in your own newspaper TO VIMA. This was made public by ND on June 17, long before you published it, on an interpolation it submitted to Parliament, in which it tells all. The report of the Federal Reserve Board of the United States said: "General description. Greece has the largest deficit in its current accounts, in comparison to its GNP, and the largest budget deficits, as well as the fastest-growing foreign debt among all country-members of the OECD.

N. KHATZINIKOLAOU (MESIMVRINI): Recently our state radio/TV is showing a strange attitude not only toward ND or the other opposition parties, but also toward the president of the Republic. Only the other day it censored a section of the president's speech in Drama, in which he gave a serious warning to anyone having designs on Makedonia, and to those who dispute the Greek character of Makedonia. On the basis of these incidents and the increasingly autocratic behavior of the government toward the trade unions, as we saw in the case of Olympic Airways' pilots, can you tell us how you view the functioning of the democratic institution these days?

K. MITSOTAKIS: The question is very general, but it requires that I define first what is happening in the state radio/TV. The autocratic and undemocratic behavior is, of course, directed primarily against ND, but it affects everyone.

In the end we all pay. The rest of the parties, the chief of state, and I fear that even inside PASOK they are not all treated equally, depending on who is on top each time. Since the June 1985 election, the premier has spoken at length for many hours on TV. They broadcast a ministerial council meeting, his speech at the Salonica Fair, his speech in Alexandropolis on economic measures, and in Kileler.

We too had a public gathering there four times as big as theirs but they did not broadcast a word, while they broadcast a large part of his. Even

programs such as Half and Half considered it their duty to show Papandreou and his entire family. There is no coverage when we appear. Yesterday I met the secretary general of the OEDC, yet nothing was reported. From Kileler, as I said, they did not broadcast one line. They do not report, even as news, the names of the mayoral candidates we nominate. They reported that a certain defector from ND, Kalambokis by name, with minimal chances, has the support of DI.ANA in Salonica, but they did not report that Nestoras is the candidate of the Left. I had an agreement with the premier.

AND. KALAMARAS (ETHNOS): Mr. Chairman, initially you took a different position; your candidates appeared to be more conservative; they they said they did not mean the parliamentary elections would be moved up if ND wins in the municipal elections. There is some confusion. I would like to know how you are going to interpret the result of the municipal election and how you are going to use that result?

Party Affairs

K. MITSOTAKIS: In the last meeting of our party's Central Committee I said (I am reading although I don't like to read texts): "The New Democracy promotes a radically new view for Local Self Government, which wants it to be an instrument in the hands of the central government and a follower of any initiatives by the central authorities, but an independent political power capable not only of proposing solutions but of intervening directly in the every-day economic and social problems of each municipality. This institutional renovation is the essence of our contribution to the Greek people through the struggle of the coming municipal elections. This is definitely a political choice of our party, a choice, of course, which is not strictly partisan but which may express other entities and other camps."

KALAMARAS: But Mr. Chairman, my question was different...

MITSOTAKIS: Just a minute. Beyond that I would like to add that without doubt the politicization of the election, which is a given, will result in a certain political message from the outcome. The Greek people will express themselves politically. All parties agree on this, the Left and ourselves. Of course PASOK, as the governing party, tries to avoid this, just as other governments did, but it will not be able to do so. It will be a significant political message--the result of the municipal election--which will certainly play a role in the development of our political life. Each party will try to take advantage depending on the outcome.

N. KHRYSALOPOULOS (PROTI): From the introduction I now see that you find an alibi, one might say, an alibi that the election should not be politicized too much because the economy is in danger. I would like to have an answer on this, because all political forces in Greece have always claimed that the outcome of the municipal election was in their favor. What is your minimum expectation which would allow the press to say the day after the election that your position in the leadership of ND will be uncertain?

K. MITSOTAKIS: I did not change my mind, neither did I tie the elections to the course of the economy except in the sense you heard earlier: that the government should not continue its loose spending of money it does not have, thus destroying the economy in a vain effort to win the municipal election.

Earlier in London I said--and I repeat this to make things easier for you, because I like straight talk--that I will call for early parliamentary elections. And I saw some emotion, some reaction.

I would like to ask you: do you find it strange that the opposition party will ask an early election? The same happened with the discussion over a censure motion. The opposition may use both a censure motion and a call for early elections if it considers it appropriate--even more so now after the amending of the constitution (and I say this because the Greek people do not). With the constitutional change the president of the Republic no longer has the authority to call for an early election because of exceptional national circumstances.

Now it is only the government that has this authority. Today a government can fall and have a new election either because it has exhausted its 4-year term, it lost its parliamentary majority, or when the government itself decides to go to election, or is forced by circumstances to do so.

Do you really think an opposition party, especially one like ours which at this moment has more popular support than the government--and the municipal election will prove this--has the right to call for an early election? Of course, it will do so. And now the other question. How can we tell who won? Be patient. On the day after the elections the outcome will be clear.

With regard to my position in the party, don't worry too much. I never felt more secure and I never had more popular support from the rank and file which alone holds up a leader.

K. PAPANIKOLAOU (APOGEVMATINI): Mr. Chairman, in your introduction you said there are open and critical problems of foreign policy. You have stated that repeatedly in Parliament, you have acknowledge it and so has the premier himself. The Greek people face the question as to how pressing the danger is and how we can avoid it. We would like you to answer these questions and also, if you can, explain your statement that you have information about a possible meeting between Papandreou and Ozal after the municipal election.

K. MITSOTAKIS: I see a weakening of our international position. Our country is losing its friends without gaining new ones. Delor's visit was revealing. He told us clearly--he said it to the premier, he said it to me--that at this moment all 11 governments (he himself did not share their view and supported us) are of the opinion that Greece should show "understanding" on the question of Turkey's association with the European Community. They

expect us to offer a solution.

I told him that Turkey cannot join the Community without conditions. Europe must understand this, but the 11 had a different view. The messages from the United States are tragic. We are losing our last friends in the Senate and the House of Representatives. I don't want to give more details but this is a fact and the government knows it.

The move of the premier to go to Europe and seek support for Greek views was correct and I supported it. But have no doubt that when he spoke of communal solidarity he was reminded that solidarity is not a one-way street. We are not showing communal solidarity when we do not cooperate as in the case of terrorism, and even less when we declare support and then dishonor our signature.

I don't know, probably the move in the context of political cooperation was useful. Papandreou rejected this political cooperation in the past but he now turns to it as the only forum left to us. But he did not solve any problem. What is left from here on is a foreign policy which can restore the prestige of our country; and we must avoid more mistakes. We cannot afford any more mistakes.

With regard to the Cypriot problem we succeeded in getting all the blame for stopping--temporarily I hope--the DeCuellar initiative. We got into trouble with the West, with a lot of people. Now are we going to pick a fight with the United Nations? And where are we going to stand, if we follow this policy? And if the DeCuellar initiative stops with this declaration, what next? I want to hope that it will not stop, that something will be done.

Our refusal to enter into a dialogue is the only weapon in Turkey's hands. It is the Achilles heel of our foreign policy, when everyone supports a dialogue with Turkey. I said to Papandreou, I think in Parliament: Even Castro, even Qadhdhafi suggest a dialogue with Turkey; all Eastern countries, the Soviet Union, Bulgaria, Yugoslavia, all Western governments, the U.S., Europe. What are you afraid of when right is on your side?

At this time, I believe, the only weapon left to Turkey is Greece's refusal to begin a dialogue. the problem is what will the government do till the end. I am told that behind the scenes the premier is promising to start a dialogue after the municipal elections--but you know the premier is using many tongues--one for domestic consumption, another for abroad; two tongues, at times three.

I recommend that if he wants to start a dialogue, do so right away, publicly, and have the courage to say on what basis he starts. Without making predictions, not at all, I believe our people--the Greek people, the Turkish people--want to live peacefully. Otherwise we will go to war. There is no other way out.

ANGELOPOULOS (ELEVETHEROTYPIA): On the same subject, Mr. Chairman, I see you insist on a Greek-Turkish dialogue. Do you believe that today we have the proper climate for a dialogue after the recent developments in the Aegean and Cyprus?

K. MITSOTAKIS: I did not say that today there is the proper climate for a dialogue. The dialogue goes beyond today, yesterday, or tomorrow.

ANGELOPOULOS: You said that the dialogue is the only weapon the Turks have.

K. MITSOTAKIS: This is basic policy; a basic political choice.

ANGELOPOULOS: On this basic political choice, I would like to know, since there must be a dialogue, can you tell us specifically on what subjects we must talk? Turkey is a country which is asking something from Greece. A dialogue means acceptance of certain demands. When one enters into negotiations, it cannot be a one-way street. Can you tell us, because you have not said it so far, which questions must be discussed between Greece and Turkey?

K. MITSOTAKIS: Yes, I will tell you. First of all, there has been a dialogue with Turkey. The government must know, and you too, should know as spokesmen of public opinion, on which subjects and under what conditions the dialogue was conducted. I have said on another occasion that the dialogue ND conducted with Turkey was based on the principle that both countries respect and guarantee their territorial integrity and enter the dialogue on the basis of existing international treaties and law. This is the basis for the dialogue.

And what subjects did we discuss? I will tell you about that, too. They are well known, and if you took the trouble to read the newspapers you would have known. We discussed the continental shelf, bilateral questions of air space which are connected primarily with participation of the two countries in NATO. We discussed minority questions, and if you want to know, we held discussions on the Cypriot problem without advertising the point. The Greek-Turkish dialogue is the best contribution Greece can make for Cyprus.

On NATO

L. PETSINIS (RIZOSPASTIS): Mr. Chairman, it is obvious that if Greece were not a member of NATO we would not have those dangerous disputes with Turkey. There would be no question of who controls the air space over the Aegean. There would be no question on Limnos. Don't you think Greece's membership in NATO is not only useless but also dangerous?

K. MITSOTAKIS: No, I don't think so. I believe the opposite, i.e., our country's membership in NATO is a guarantee--a guarantee against all and if you wish, a guarantee against Turkey as well. It helps us to keep the balance of power and to have support. But, do we need to present arguments

to prove this? Now, at the moment of danger where does Green turn? Did we go to the nonaligned? Did we seek Qadhafi's help? Or did we turn to the communist countries? We expect help from the US and Europe. Our place is in NATO and that's where we must be. This protects the interests of Greece.

NATO does not cause problems for us except with regard to Limnos' air space. The major problem of the continental shelf, the problems of minorities, and other problems, have no relation at all to NATO and would exist anyway. Even if we were not members of NATO, we might have violations of Greek air space on the part of Turkey. Do they take place because we belong to NATO? They take place in spite of the fact that we belong to NATO.

P. KAMVISIS (AKROPOLIS): I go back to international issues, Mr. Chairman--the Cypriot problem and the dialogue. You have said in the past--you said it in the chamber of Deputies, too--on the DeCuellar proposals--that they should be accepted, but they are bad. You have stated this in the Chamber. How can anyone blame them now, when DeCuellar does not want...

K. MITSOTAKIS: In the Chamber I did not say they should be accepted. I said they should not be rejected. I said the solution given was purely procedural, and in 3 weeks my prediction came true and the subject started all over. What I say today is that Greece should state all its reservations but it should not write that it rejects the DeCuellar proposals, and then keeps the same reservations.

And I add, it should seek, at the same with the entire procedure, something that DeCuellar cannot refuse, i.e., to have brought up for discussion the three basic subjects to which we give priority.

P. KAMVISIS: On the question of the Greek-Turkish dialogue, you have repeatedly stated that to have such a dialogue two conditions must be accepted: Respect of the status quo and the international treaties. Do you think Turkey accepts these two conditions so a dialogue can begin?

K. MITSOTAKIS: During our time Turkey agreed to this one hundred percent.

P. KAMVISIS: I mean now...

K. MITSOTAKIS: Let the government find out, and if Turkey does not agree, Turkey will be in the wrong. You must understand there is no reason for us to be in a difficult position. Why? Let us pass the ball--to use a popular expression--to Turkey. What is this dogmatism? "I don't talk." Why don't you talk? When you are in the right, don't you talk? The international community is not made up of idiots. Everyone can tell who is wrong.

K. SPYROPOULOS (AVGI): Mr. Chairman, I will ask you about economic matters. In the 13 months that have passed since the election we have seen a radical change of policy with regard to the economy. The premier said the Cost of Living Adjustment [ATA] would be even better and that he knew of no list

concerning ailing companies that are scheduled to close down. Yet the ATA was cut down and today the first two ailing companies, as you must have seen in the press, are set for liquidation. We also see a shift in the government's political word.

I would like to know how you feel as a conservative opposition when a socialist government has borrowed temporarily, or more permanently, some of its [conservative] ideas?

K. MITSOTAKIS: I will tell you. The premier, like a modern Christopher Columbus, discovered America 5 years too late and now he says and does things he used to curse in the past. How do we feel? We have no objection if the premier applies a sound policy. But unfortunately he does not. Or he applies it ineffectively.

Does anyone know what is happening today in Greece with regard to the economic policy? Or does anyone know what happened in the past 5 years? From Lazaris we passed to Arsenis and from Arsenis to Simitis. Arsenis was thrown out and today no one knows whether he has placed himself outside of the Movement or the Movement set itself outside of Arsenis' policies. If Papandreou were here and I asked him, have you changed your policy, would he tell me that he did?

Yesterday I was talking with the secretary general of OECD, and now I can tell you--it's no secret--he told me: You know, I see your socialists are doing what the French socialists were doing in 1982. I said, I wish they did. But they don't. Or they do it, but they don't admit it. Or, they do it inefficiently, half heartedly, ineffectively.

When Papandreou announced the measures I found myself personally in a difficult position. What should my position be? Should I tell the truth? I have a long experience. I was deputy minister of finance in 1951. I set the economic policy of the Center Union government in 1963 and 1964. I was minister of coordination in 1965-66, good years for the Greek economy. I was in the same post again in 1978-80. I knew what was happening. I decided to tell the truth--to state that the measures were not going to be effective.

I decided to warn the Greek people. And I spoke of sacrifices without hope. Unfortunately I was a "good" prophet. That is, I foresaw correctly what was going to happen. Today, I want to make another prediction. Another crisis will come after the municipal election.

What will the government do? Here, one newspaper friendly to the government recommends that the government apply an economic policy without partisan calculations, and to do so without delay. I say exactly what ETHNOS is saying: To do whatever it has to do now, in an effort to save the economy. Because our economy is going towards disaster, for sure.

About Rallis

T. SOTIRIOU (DIMOKRATIKOS LOGOS): Mr. Chairman, I find a certain shift in your position regarding the early conduct of a parliamentary election. Recently you stated, both in press releases and at meetings of your party organs that you will call for an early parliamentary election in the event ND gains in strength in three major municipalities [Athens, Piraeus, and Salonica]. Today you say that it is within your capability to speed up the election. Is there any shift in your position? Is this the result of differing views within the party which has been formally stated, too? I remind you of the view expressed by former Premier Georgios Rallis who said in his interview that a parliamentary election does not offer a solution.

K. MITSOTAKIS: Rallis spoke against politicization of the [municipal] elections. I think he was wrong. The following day, the Parliamentary Group unanimously endorsed the line the party, not only I personally, had accepted, i.e., that the municipal elections should be politicized. I will repeat what I said in London. An early election is a possibility and the result of the municipal elections will determine the overall framework within which we and the other parties will move.

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CSO: 3521/201

POLITICAL

NETHERLANDS

LABOR PARTY'S VAN TRAA ON RELATIONS WITH USSR, EAST EUROPE

Utrecht OOST EUROPA VERKENNINGEN in Dutch Jun 86 pp 39-46

[Interview with PvdA (Labor Party) Foreign Secretary Maarten Van Traa by Harm Ramkema and Dirk Vlasblom: "The East European Leaders Are Both Partners and Political Opponents"]

[Text] The elections are over. The eligible Dutch voters have elected a new parliament and enabled the coalition parties CDA (Christian Democratic Appeal) and VVD (People's Party for Freedom and Democracy) to continue the cooperation desired by them. It is remarkable how little attention was given to foreign policy (East-West, European security, North-South) in the election campaign. And that in a country where twice in the last 10 years the population took the lead in the international resistance against new rounds in the arms race (neutron bomb, medium range missiles). The same Lubbers on whom thousands had turned their backs when he took receipt of the people's petition against the cruise missiles, now was carried back to the Catshuis [prime minister's residence] on people's shoulders. Now that the CDA has become the largest party it will most probably once again supply the minister of foreign affairs. Van den Broek applied for the extension of his minister's post already during the election evening. His rivals in the Labor Party (Relus ter Beek, Klaas de Vries) don't have a chance and are once again condemned to the opposition benches. There, during the next 4 years, they will have the company of a new colleague-people's representative: Maarten van Traa, the current foreign secretary of the PvdA. After 8 years of party diplomacy, former journalist Van Traa opts for a spot closer to the political fire. In contrast to Minister Van den Broek, the new member of the chamber does not consider the Netherlands to be too small to have its own foreign policy. OEV [OOST EUROPA VERKENNINGEN] discussed with him his view on East-West relations and the role of the West European social democracy.

[OEV] The election platform of the Labor Party arouses few illusions on the arms control intentions of the superpowers: "In the East-West relation, the contradistinction between the two largest nuclear arms powers, the Soviet Union and the United States, is central. Considering the position of both superpowers, there is little hope for a breakthrough. Armament continues to increase unabatedly, to a continually higher level." For the PvdA that doesn't change the fact, however, that West Europe continues to be dependent on the United States in the current situation, but "simultaneously clearly

(has) other interests in which the relation with East Europe (and) arms control is at stake." It is, of course, a matter of also translating these interests politically. Does the international secretary of the PvdA have the opinion that, when it is a matter of security questions, there is room for a separate Soviet-West European dialogue? And how useful is such a separate discussion between West Europe and the Soviet Union?

Van Traa: "Unfortunately there is no dialogue between West Europe and the Soviet Union. Some West European countries have had their own dialogue policy for a long time already, in particular the Federal Republic of Germany and France. The question is: What might be the results of such a dialogue? Well now, those will be more effective to the extent a more unilateral policy is pursued in West Europe. It is clear that the military coupling with the United States will continue to exist for a long time. But gradations are imaginable in a new period of detente policy. West Europe can take its own responsibility, certainly in areas which are not directly connected to the military contrast. In foreign policy those areas have been given extremely little attention, but they are certainly not less important. One might think of, first, the economic relations between West Europe and the Soviet Union and, on the other hand, the smaller East European countries. And secondly, one might think of a further development of the concept of a policy of detente. Naturally the competition between the political-economic systems will continue to exist in Europe, but it has a different character from the competition between the two superpowers."

European Pillar

[OEV] We cannot help but have the impression that the right-of-center in West Europe shuns such a separate dialogue out of fear for a presumed divide-and-conquer policy of Moscow.

Van Traa: "There are two sides to this matter. If the Soviets really intend to pursue a divide-and-conquer policy, then they are going about it in a particularly stupid manner. For their policy with respect to the SS-20 missiles has actually resulted in the opposite of a divide-and conquer policy. But that is a boutade. It is also a fact that that contrast between the United States and West Europe already exists because their interests are not the same. In West Europe one should give more thought to one's own possibilities. The foundation exists: the EEC has about 300 million inhabitants, including Spain and Portugal, and has a Gross National Product which is larger than that of the United States and of the Soviet Union. That is no little thing. It is due to the extreme attention for the military component of the East-West competition that one fears getting separated from the United States as allies. I do realize that not every country must try separately to come to a type of agreement with the Soviet Union. That can't be effective in the end. Next to a more united EEC, a European pillar within NATO now is probably the most feasible. A policy of detente offers more possibilities than are now utilized, without my losing sight of the big ideological differences between East and West. Sometimes I have the impression that in rightist circles in West Europe people are rather happy that the security problems are largely solved by the Americans and that basically Europe doesn't have to be involved in those. And that means

simultaneously that we are not involved with the question of whether the division of Europe is perhaps very unnatural, and whether that situation will ever change. We are rooting ourselves in our status quo--the Americans will take care of our security, and if we have to help pay for it we'll hear about it. The left ought to oppose that much more. Unfortunately our plans are not always very consistent when it is a matter of, on the one hand the relation between the policy of detente and our own security policy with respect to the Soviet Union and, on the other hand, the role we want to give NATO and the United States. It is an attitude of: we won't place cruise missiles, for ultimately the United States will take care of our security. That is a false approach."

Less Fixation on the United States

[OEV] Could it perhaps be that the Soviet Union actually has no interest at all in the termination of the American presence in West Europe, even if only because, ultimately, that is the best legitimization for its own presence in the other part of the continent?

Van Traa: "It is certainly true that the Soviets, conservative as they may be, prefer to keep something they already know. A British-French nuclear force, partly financed by the Federal Republic of Germany, would mean additional competition at the nuclear level for Moscow, and therefore it would be an additional factor of uncertainty. What they might like, however, could be a 'Finlandizing' of West Europe. But a comparison between Finland and West Europe is not realistic, for Finland derives its current position precisely from the fact that NATO lies behind it. It seems to me that the problem of the Soviets is that they hardly know what they would want with West Europe. Naturally they would like to have more influence, especially in order to neutralize what they consider to be bad influences on their own system. With respect to West Europe, the Soviet Union is much more concerned about the threat emanating from support to movements in East Europe which don't favor it than about a direct military threat."

[OEV] Nevertheless, new emphases have been noticeable in Soviet policy since Gorbachev took office. West Europe is being observed with more interest not only with respect to the security policy, but also from the economic point of view--namely as a partner who can help with the domestic modernization program in the Soviet Union.

Van Traa: "You shouldn't exaggerate the matter either. If you analyze Gorbachev's speech for the 27th Congress of the KPSU [Communist Party of the Soviet Union], he seems indeed less fixated on the United States than his predecessors. It seems that a separate role is intended for West Europe, but there is hardly any indication of how that ought to be brought about. If we look at where breakthroughs might be achieved, for example in the relations between individual COMECON members and the EEC, there doesn't seem to be much possibility."

Social Democrats

[OEV] The light shift of emphasis toward West Europe is, in official Soviet statements, more and more often accompanied by respectful remarks for West European social democrats. Apparently the latter are no longer the errand boys of capitalism. How seriously does the international secretary take this new friendliness?

Van Traa: "In Moscow there is understanding for the realistic considerations given by social democrats to the possibilities and impossibilities of the detente policy. The relation we have with the KPSU and other communist parties in East Europe is not based on a supposed common background, but purely on the fact that we want an active policy of detente and that we know it must be pursued in part with those who are in power there. And (whether you like it or not) those are the communist parties. For the East European side it is of importance that the social democrats are government parties, or in any event aspiring government parties. For the same reason their contact with West European communist parties (except perhaps those of France and Italy) is starting to be purely ritual."

"However, I am still faced with the fact that social democrats are treated nicely when they come from West Europe, but that they don't have the possibility of organizing themselves in East Europe. There are very principled differences in opinion on the role of the political party and the democracy. They neither can nor must be erased. Therefore the policy of detente is more than just the pronouncing of the phrase: 'we want peace.' And sometimes a burden is placed on the contacts between the social democracy and the communist parties because the latter often want to limit [those contacts] to 'we want peace.' That is not possible, of course."

[OEV] Also the Socialist International increasingly enjoys the interest of the Soviets. Yet, it is a matter of a very heterogeneous company, within which there is consensus on only a small number of things. Does Moscow really see the SI [Socialist International] as a political factor?

Van Traa: "It even surprises me to what extent they do that. Perhaps because the SI offers them the possibility to enter into a relation with 'togetherness.' Other parties don't offer that possibility. The Soviet interest in the International became apparent in October 1985 when the SI called a big disarmament conference in Vienna. Both the Americans and the Soviets were invited to attend that meeting as observers. The Soviets put in an appearance with a strong delegation, including Ponomarev, Zagladin and Kvitsinski. Only on the second day did the American Adelman turn up by himself. I asked at the time whether Mr Adelman realized that most parties present there consider themselves to be allies of the United States and not of the Soviet Union."

Differentiation

[OEV] The past few years something like a "emerging reason of state" has been observed in the smaller East European countries. The political leaders there seem to become increasingly aware of the fact that aside joint interests of

the "bloc" there are also national interests and that those don't always have to fall in with those of the big brother. Differences of opinion have become visible particularly in the missile question. Is it desirable as West Europeans to initiate discussions with "East European little ones" on matters of security policy?

Van Traa: "Yes, for it is of great interest to the West Europeans that there is more differentiation and discussion within the Warsaw Pact. That is first of all important for a realistic discussion on questions of security with the Soviet Union, a discussion which certainly exists but which for us in the West can at most be only partly deciphered from the various Soviet media. Secondly, to make it clear to conservatives in West Europe that the left is indeed somewhat better able to initiate with the policy of detente a discussion in and with East Europe. And, thirdly, because something like that will possibly go toward a breakthrough of the status quo in the long run. That is very necessary, after all. Different relations between East and West, but also in the Soviet Union."

[OEV:] In March 1985 a meeting took place in Noordwijkerhout [Netherlands] between representatives of three West European social-democratic parties (Flemings, Danes and Netherlands) and three East European communist parties (Hungarians, East Germans and Bulgarians). During the preparations, which actually took 2 years, especially the Hungarians were very helpful. Will that still amount to something?

Van Traa: "All possibilities, no matter how limited, must be exploited. The problem, of course, is whether we are allowed to build bridges over the East-West border or not. The Soviet Union does not have objections to that, according to the East European partners. Similar discussions, however, have been going on for a very long time already in the bilateral context. It is logical that the West German SPD [Social Democratic Party of Germany] takes the lead in that; they have their special contacts with the East German SED [Socialist Unity Party] and also with the Hungarians. But the PvdA too has been in discussion for a long time with the Hungarian communists. We speak more or less the same language. That helps! For them it was a big change, however, to continue this discussion in a multilateral context. But they succeeded in involving the East Germans and Bulgarians in it. Little by little one realizes that with no investment you can't continue inviting delegations."

Open

[OEV] But do you achieve anything more at such a table than an obligatory exchange of questions such as: what are your thoughts on the Soviet Union, on Reagan?

Van Traa: "We wrote papers for "Noordwijkerhout" (which would not be published) in which we openly tried to outline the possibilities. The East Europeans also did that. On the basis of those, there were discussions about the topics they found important (collective security systems, nuclear arms) and those which we considered to be important (relations between the allies mutually, East-West, West-West, East-East). At times those discussions were

very frank. The Hungarians stated plainly how the discussion on the Soviet missiles (SS-20, 22 and 23) had proceeded. And the East Germans said: we placed, but this really should be the last time. Ultimately I think that these countries have more elbow room than we think, if only they have the guts to make use of it themselves. Moreover, I believe that we overestimate the period of time in which discussions are held between the allies of the Warsaw Pact on questions such as the placing of missiles. The consultation system which exists there is, namely, very conservative and bureaucratic. I think that the Politburo of the SED didn't spend more than 15 minutes discussing it and that the true decision was made by even less important people."

[OEV] The Labor Party doesn't keep it a secret that it would like to govern again some time in the future. If that does materialize, will these contacts with East Europe continue? And will they remain limited to the party level or would a Dutch government with PvdA ministers also try to exchange ideas "at the official level" on security questions with East European states?

Van Traa: "I believe it should in any event continue between the parties. For example, in September or October a sequel to Noordwijkerhout will take place in Budapest, whether we form part of the government or not. Such discussions are for us also a test of whether sufficient room is provided for them in the government policy. There is a problem with the governmental contacts between East- and West Europe. Ministers in our system are politically responsible to a greater degree than those in East Europe. In my view the West European governments should sidestep protocol more and push through to those who have the real power in East Europe. And those are the party government leaders. That is already being done at the highest level. Gorbachev is not a president or minister of foreign affairs, is he? But he does talk with Reagan and Schultz. In the Federal Republic of Germany it is also being done. The East German party secretary responsible for international affairs, Hermann Axen, is also received at the government level when he pays an informal visit to the Federal Republic. But I don't believe that the Dutch Embassy in Moscow ever has any contact with the International Branch of the Central Committee."

Detente and Emancipation

Beside the military aspect (armament and arms control) there is an indispensable political side to European security. A considerable potential for conflict resides in the East European societies. The regimes in East Europe are not legitimized in their own society. Moreover, all sorts of domestic problems and limitations are easily attributed to "the Soviets" by the population. A central dilemma of every Ostpolitik is: how can a contribution be made to East European emancipation without increasing the East-West tension? And along with "emancipation" we must think both of a domestic democratization in East Europe and of more equality in the context of the alliance. We put the following question to Van Traa: does he see the East European leaders as partners or as adversaries on the road to East European emancipation?

Van Traa: "Both. If on the one hand you believe that an all out confrontation does not yield anything and can only lead to greater tension and more separation, and on the other hand you think that the policy of detente

exists not to affirm the status quo but ultimately to decrease the negative consequences of that status quo and change the situation there, then it follows that the East European regimes are both your partners and political adversaries. Political adversaries, however, with whom you have to give further form to the concept of shared security. That is nothing new for the social democracy. Thus we must try to conclude compromises with them which in the end will make change possible."

[OEV] Is that the same as the formula of SPD member Egon Bahr: "Wandel durch Annäherung" (change through rapprochement)?

Van Traa: "The Bahrs formula is neat, but too simple; it also includes the danger that you will make it too simple for yourself as a West European politician. You must admit that from the West you have few possibilities to influence East European developments with any policy whatsoever. But I find criticism of a view of the policy of detente as too much of a tool justified. It should not become an excuse to hide anything that is no good. The Polish question has once again made it clear that there are powers there which can seriously clash. How does one solve that? We don't solve it from Amsterdam. It is primarily a matter of the Poles themselves. But you can possibly have influence on that by admitting that the policy of detente does not eliminate all conflicts in East Europe and between East and West. First of all you must try to remove those conflicts from the baggage of the arms race. That is especially a West European task. Next you must find means to solve those conflicts or settle them peacefully. Some will say: no, the nature of those states is such that nothing will change. Others (including myself) say: we'll have to see. Surely you can't simply take the position that nothing ever changes? That is surely an ahistorical view?

Human Rights

Change, but what kind of change? Van Traa doesn't mind walking on thin ice for once. At our request, he makes a cautious attempt at verbalizing the type of change he considers desirable in East Europe: "To try and arrive at a situation in which possibilities arise for true criticism and discussion within society between the elite and the masses. They can lead to a democratization of the system. One of the biggest shortcomings surely is the lack of a political discussion, an open exchange of ideas on possibilities and impossibilities. The biggest deficiency in Poland is that the communist party is not capable of coming to a compromise with its own population, with the church and the trade union movement. It looks as if it even has abandoned its attempts to still legitimize itself in the society. That means the search for possibilities of criticism and change outside of that rigid scheme of the party and the party congress. We have to eliminate the terribly old-fashioned system in which every sentence of the party leader must be weighed in order to discover his intentions. It so much curbs energy. In East Europe there are hardly any forms of organization outside of the party, and that is a big problem. For not only among the dissidents, but also among many people in the party- and state apparatus there is a desire for a more open discussion. I think one of the most difficult things is to formulate precisely such a policy because there is a big difference between desires and the possibilities from West Europe."

Indeed, if you are able to agree on the objectives, the question arises immediately as to the individual political means to bring those closer. The election platform of the PvdA in this respect is taking a somewhat easy way out, in our view. Amongst other things, we find the objectives of foreign policy worded there as follows: "the promoting of respect for international law and the guaranteeing of human rights" and, a few lines farther on: "the promoting of peace and security through a policy of detente." Subsequently it is posited that the objectives outlined are cohesive. But how?

Van Traa: "A human rights policy is possible (as far as East Europe is concerned) only in the framework of a policy of detente. Not because it is a principled article of faith, but because it is the most effective. Different countries offer different possibilities. One of the policy aims is: what can we do about the human rights situation? More discussion in that respect is also important for us to get a better idea of what we can expect in those societies in the coming years. And it would also help if the people there were not locked up for what they think, say or write. Both are ultimately also security factors. A greater degree of freedom of expression there must be part of the stake of foreign policy, it must not be completely absent."

Legitimacy

We don't doubt for a moment Van Traa's honest devotion to the question of human rights in East Europe, but isn't the above-mentioned party program noncommittal for lack of political means? Can a West European foreign policy actually do more in the coming decades than what the East European regimes are doing to help by strengthening their domestic legitimacy, at least in those countries where that is not yet absolutely out of the question? Sometimes they want things which are not really too outrageous, such as improvements in the economy and in the wellbeing of the citizens. One could help them with that and in due time attach conditions to it in the area of human rights.

Van Traa raises his hands defensively: "I would never word it in such a way that we must help to legitimize the regimes there. No, they must do that themselves. And if they can't do that, then things must change there in the long term."

Yes, but every true social democrat knows that big changes might occur along the way. No misunderstandings: we do not suggest that West Europe can simply "hand" legitimacy to the East European leaders. No, they'll have to gain that domestic trust themselves. And that is not a priori out of the question. There is also something like the (material) legitimacy of the leader who assures bread on the table, even if he did not come to power through free elections. And a party leader who has at least the benefit of the doubt in his own country doesn't have to hide as much on the international stage behind the broad back of the Soviets. In other words: it is not unthinkable that, in order to retain their position, East European leaders ultimately will have to depend a little less on Moscow and a little more on domestic faith. And that is not the same thing as the rebelliousness of Moscow's allies. The Soviets have a double interest in their sphere of influence: namely loyalty and stability. And one factor in that stability is that the leaders in East Europe enjoy some authority in their own country.

Van Traa reacts skeptically: "In the eyes of the Soviets a great many things must happen before West Europe is allowed to give a helping hand in the preservation of their position of power in East Europe. For that is a "Umwertung aller Werte" [reevaluation of all values]. And if you tell the Soviets then that it is for their own good, you will in any event be merrily laughed at. The East European countries themselves act with extreme caution on these problems. They expect to gain more viability, more prestige from their contacts with the West. But they don't want us to be directly involved in their relation with the Soviet Union. That is considered much too dangerous as yet."

We [OEV] protest that it is not necessary to go to Moscow to explain how the Soviet interest in East Europe is best served, but that one shouldn't have to casually adopt the Soviets' definition of security when establishing an Ostpolitik oneself. Many Soviets see an increasing interweaving of interests between East- and West Europe as threatening their own influence on their allies. But a more stable East Europe as a result of decreased tensions seems to us to be in the interest of everyone, in East and West alike.

Van Traa: "Some matters can indeed be in the interest of all parties involved. But then we still arrive again at that condition we mentioned earlier, namely that with respect to the relation between the Soviet Union and its allies a type of public discussion becomes possible which now also has been initiated on themes such as corruption, economic problems, management, etc. And that discussion ought not to remain limited to a few articles in the Soviet press which talk about the allies in Byzantine terms."

East-West Trade

The East Europe policy is not only a matter for Internal Affairs or Defense, in our opinion. Economic Affairs also must play a role here. Doesn't Van Traa also think that the obstacles in the framework of COCOM [Coordinating Committee for Export to Communist Areas] and the EEC are too great? Would a new government not be able to do more about the promotion of trade contacts with East Europe?

Van Traa: "Something like a COCOM list should exist, but it ought to be looked at carefully, for that list is much too long. The situation now is even such that the United States uses the COCOM list to prevent the West Europeans from selling certain products to the East which ultimately they do sell themselves. It is also important that the EEC conclude as soon as possible an association treaty with the East European countries which have explicitly requested that, such as Hungary. With COMECON the problem remains that you can only conclude a general treaty without making specific agreements. There is some movement; however, so far it is still easier to conclude accords with individual member states. The exchange regulation doesn't simplify the matter either. Hungary is a step ahead in that respect. The forint has almost become a convertible currency, partly because their foreign debt has decreased so much."

"Another problem is that after the seventies there was a falling off in the establishing of all sorts of possibilities for joint ventures and investments,

primarily as a result of the Polish tragedy. It might be possible to improve that, although one shouldn't expect too much of it. The economic problems of East Europe will have to be primarily solved not through a new injection of capital from the West, but through a reorganization of their own system."

"Promotion of the East-West trade is not only a type of good salesmanship but is also important for the policy of detente. Those matters would also have to be coordinated to a much greater extent and should be viewed from the same position. Right now everything is done very chaotically. Minister Smit-Kroes speaks with Mr Aliyev about, let's say subway cars, and then the minister of agriculture goes to Bulgaria to discuss a few greenhouses. And then the visit of these people is used as a sort of sop: the minister of foreign affairs can't come, so we'll send someone else. That seems wrong to me."

"Van den Broek--he will certainly stay on--should go there much more often. And who knows, he'll bring about the miracle that the cruise missiles won't be placed in exchange for a true quid pro quo from the Soviet Union. But he must exert more pressure than he has done so far. What a shame that a PvdA in the government isn't able to do all of that!

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POLITICAL

TURKEY

SDPP, FDP REACH ACCORD ON FORMING OPPOSITION ALLIANCE

Istanbul CUMHURIYET in Turkish 19 Jun 86 p 7

[Text] Ankara--The agreement between the Social Democratic Populist Party [SDPP] and the Correct Way Party [CWP] to pursue a common course in opposition to the Motherland Party [MP] government was followed by a similar agreement between SDPP and the Free Democratic Party [FDP]. SDPP leader Erdal Inonu and FDP leader Mehmet Yazar reached an accord in principle over cooperating in the parliament against MP and repealing Provisional Article 4 of the Constitution and Law No. 2969.

FDP leader Mehmet Yazar yesterday visited SDPP leader Erdal Inonu and congratulated him on his election to the leadership of the party. Inonu and Yazar had a 45-minute meeting in the general headquarters of SDPP. The meeting was also attended by members of the chairmanship councils of both parties. In a statement after the meeting, Inonu said: "As two opposition parties with civilized relations in a democratic system, I believe that we will perform our duties in the best interests of the people." Yazar said after the meeting: "I believe that we will perform the duties expected of us with clasped hands and hearts for the democracy of the future, the growth of widespread and fair prosperity and happiness in Turkey and the rapid advancement of our development in unity."

Stating that the common goal of the two parties is Turkey's prosperity and happiness and the full and perfect functioning of the democratic system, Yazar said that the work toward this goal will proceed in unity.

In statements before the meeting, SDPP leader Inonu said that the establishment of democracy in Turkey in its full sense and its operation with all its organizations and institutions have been the goals of his party from the outset and that he is very pleased that Yazar shares these goals. Stating that understanding and proximity is needed among opposition parties both within and without the Turkish Grand National Assembly [TGNA], Inonu said:

"Our principal rival is the government. The other opposition parties are not our rivals. We are working with them on the establishment of democracy, the advancement of social justice, the improvement of income distribution and the realization of the people's happiness."

After these remarks, Inonu turned to Yazar with a smile and said: "If, one day, one of us becomes the government and the other one stays in the

o osi io our relations will still be civilized. Then we will act differently. But today we are not in that position. Our friendship will not change and we will continue talking to each other nicely."

In his statement after the meeting Inonu said that the opposition parties have been reviewing the issues of the day jointly, that they are seeking ways of pursuing a common policy against the government in the TGNA and that the opposition can be more effective. Inonu said: "We have an identity of views over the repeal of Provisional Article 4 of the Constitution. Curbs on individual freedoms are hindering the defense of democracy. We will work urgently toward this goal."

In his statement after the meeting, Yazar said that an identity of views was reached over looking at the work of the opposition from the overall standpoint of Turkey and not from the perspective of the parties and carrying out more effective work. He added that they share the same views over Provisional Article 4 of the Constitution and Law No. 2969.

9588

CSO: 3554/118

POLITICAL

TURKEY

UNION LEADER READS DEFENSE STATEMENT IN DISK TRIAL

Istanbul CUMHURIYET in Turkish 19 Jun 86 p 10

[Text] Defending himself at the trial of DISK [Confederation of Revolutionary Worker Unions] and affiliated unions, Textile Workers Union leader Ridvan Budak said that union leaders have defended their principles at the trial flawlessly and added: "This is a warning trial. This is a warning trial aimed restricting the future of the Turkish union movement."

Reading a 41-page defense statement at the DISK trial at the 2d Military Court of Istanbul, Textile Workers Union leader Ridvan Budak said that his constitution and abilities and his loyalty to progressive thought and democracy forced him to undertake union activities. Stating that the Textile Employers' Union always acted ruthlessly, Budak said:

"From an organizational standpoint, [the Textile Employers' Union] is an extremely authoritarian and disciplined organization. As such, it has the structural characteristics which may fit some of the charges mentioned in the indictment. Thus despite the rigid rules that were imposed after our collective bargaining dispute with this employer union, some employers signed collective agreements with us, but they were immediately expelled from the employer union. However, pressure was always applied only on the worker unions and the public was always indoctrinated against the worker unions. The workers who wanted and struggled to get fair compensation for their labor and the unions they formed were always shown to appear guilty."

Budak stated that the orders and instructions of the leaders of democratically governed labor unions were formulated at congresses which were open to everyone, that not complying with decisions taken at congresses was considered to be illegal and that these decisions were taken so that they would be complied with. Stating that the dispute with the military prosecutor is over the concept of democracy within the framework of the 1961 Constitution and the progressive liberal system stipulated by that constitution, Budak said:

"When there is no agreement over these points, we cannot move together at the ideological level and we take different approaches to the same issue. The illegal Marxist-Leninist organization emerges from this difference. Democracy approves of us while the prosecution convicts us."

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CSO: 3554/118

POLITICAL

TURKEY

BRIEFS

CP URGED TO ORGANIZE NATIONALLY--It was reported that the Citizens' Party [CP] which has been having difficulties in organizing itself at the national level has begun looking for a provincial leader in Istanbul. It was learned that Ergun Zona, who was appointed to build CP's provincial organization in Istanbul and who was promoted as the CP provincial leader, has decided not to take this position. According to UBA [expansion unknown], the disclosure by CP leader Vural Arikan that CP would merge with the Correct Way Party, prompted demands for the rejection of the merger proposal and the organization of CP at the national level at the CP Central Decision and Administrative Council meeting. CP leader Arikan, who has placed special emphasis on the party's organizational efforts in Istanbul, was reported to be reluctant to announce the name of the person he has decided on--following a series of meetings--for the party's provincial leadership position. [Text] [Istanbul TERCUMAN in Turkish 19 Jun 86 p 3] 9588

CSO: 3554/118

SOCIAL

TURKEY

BRIEFS

WORKER ID SYSTEM TO BE ENFORCED--The Labor and Employment Organization [LEO], which has been implementing new measures to serve unemployed citizens, will soon require all workers to have an "employment and identity card" to prevent the employment of illegal workers. LEO Director General Teoman Guner said in a statement that employers are required to obtain "worker employment and identity cards" for every worker they employ and that, however, employers have not cooperated with the system. Guner said that LEO crews will therefore go to each workplace separately and deliver this service to the employers and that employers who do not obtain employment and identity cards for their workers will be prosecuted. Guner added that this system will prevent the employment of workers at wages below the minimum wage. According to the information obtained, the worker identity card system will begin to be implemented in Ankara next week. The implementation will eventually be expanded to the entire country. Stating that there are 66,000 workplaces in Ankara alone and that the implementation of the system in that city will take more than 6 months, the officials said that at the end of that time period there will be no employed workers left without identity cards. The employment and identity cards, which will be the size of the old identity cards, will be filled by the employer and given to the worker in at most 15 days after the date the worker begins working, and the card will have to be carried by the worker at all times. The card, which will be usable if the worker changes workplaces, will contain the worker's photograph, first and last names, the employer he is working for as well as information such as the worker's social security number, marital status, educational level, position title, work experience and monthly salary. [Text] [Istanbul TERCUMAN in Turkish 19 Jun 86 p 3] 9588

CSO: 3554/120

ECONOMIC

BELGIUM

VERHOFSTADT, VAN MIERT DEBATE GOVERNMENT SAVINGS PACKAGE

Brussels KNACK in Dutch 28 May 86 pp 12-16

[Interview with Guy Verhofstadt, minister of the budget, and Karel van Miert, president of the Flemish Socialist Party, by Hubert van Humbeeck and Marc Reynebeau: "A New Belgium Is Arising from the Treasury"; date and place not given]

[Text] The Verhofstadt-Van Miert debate: how much is the announced Saint Anna plan of government budget cuts worth?

What Saint Anna has joined together, let no minister put asunder. That is the intimate conviction of Minister of the Budget Guy Verhofstadt (PVV [Party of Liberty and Progress (Flemish)]) and his colleagues in parliament. With the savings plan they hammered out over a number of weeks in the Saint Anna priory, they want to carry out a global project through which they would haggle down nearly 200 billion francs from the government expenditures next year. This will be a first step in the reconstruction of the state household, which has to deal with frightful deficits at the present time. The strikes in the public services, which have been dragging on for a few weeks already and among which the actions of the although friendly to the government Christian union of educational personnel are particularly noticeable, show how great the gamble is which Wilfried Martens (CVP [Social Christian Party (Flemish)]) and his companions are taking on with this.

Debate on this savings plan, which cuts particularly hard in the social sector and in education, began on Monday in the House. In a sometimes passionate but always fair debate, the plan's architect, Budget Minister Verhofstadt, and the leader of the largest opposition party, SP [Socialist Party (Flemish)] President Karel van Miert, already laid out their views.

Question: Mister Minister, will this plan allow you to reach the goals which the Martens VI administration has tied its whole sense of existence to, specifically the reduction of the government deficit to 8 percent of the gross national product?

Guy Verhofstadt: With this plan and the key embodied in it, which provides the guarantee that it will also be carried out in full, the budget deficit will indeed be reduced to 8 percent of the GNP in 1987. Now it is about 12, 13 percent. However, that should not be the final goal; this plan does not

solve the problems of the public finances; we must strive for the European average, which lies in the neighborhood of 4 percent. The fact that this plan could work was demonstrated by the computer simulations we carried out with it on the models provided by the Planning Office and the study center of the Ministry of Economic Affairs. Partly due to the plan's cautious points of departure, we will reach the expected 8 percent in 1987 and the government deficit will go down spontaneously over the following years.

Question: In terms of figures you will remain about 30 billion francs below the originally anticipated savings, won't you?

Verhofstadt: We have always argued that we should economize about 200 billion francs; SP member of parliament Freddy Willockx calculated that 170 billion would be already sufficient. With the plan we will reach a net savings of 195 billion francs; that is enough. As a matter of fact, we have taken into account the deflationary effects -- I don't deny that they will occur -- and the positive effects, given that it will go hand in hand with an improvement of economic conditions.

Question: Last week there were some doubts about that, weren't there? The Kredietbank's study center calculated that the net savings would not even amount to 100 billion francs.

Verhofstadt: What were those calculations based on? That study center did not even have the final texts at its disposal, they couldn't even know the philosophy behind the plan. This philosophy includes, among other things, that all invoices must be processed and that both the positive and the negative effects of the plan must be taken into account.

Stationary Exercise

Karel van Miert: This is the umpteenth time that the government has come up with figures and graphs. Already in 1982 the prediction was made that the government deficit for the next year would not exceed 7 percent. The reasoning then was precisely the same as today; I have read over the relevant texts. Now, 4 years later, the identical logic is being served up. The fact is that for political reasons since the second half of 1984 the government has carried out an exasperating "stationary exercise," as a result of which the 1985 budget got completely out of hand. The same thing will happen again this year; there isn't even a budget for 1986 yet. The laxity from the middle of 1984 until now has cost the community tens of billions of francs.

What the government has done now, is -- to quote Vice Prime Minister Jean Gol (PRL [Liberal Reform Party (Walloon)]) -- run after savings "with obsession," without asking itself questions about the overall socio-economic evolution. The government didn't understand well enough that it was now a question of connecting with new data in that evolution: the low inflation, the reduced interest rate, the lower energy prices, the less expensive dollar. Now the government should have provided maximum growth stimulation, promoted exports and carried out a real employment policy. Because an employment policy is also a savings policy, you know.

Question: In your opinion, will the government achieve its goals, Mr Van Miert?

Van Miert: I don't believe so. I do, however, suspect the minister of the budget, unlike his predecessors, of having presented things as more black than they really are. That way he has created room for himself, knowing full well that drawing up a plan is one thing but carrying it out is another. He has concealed a few things. Right?

Verhofstadt: Concealed? It is a matter of caution. I have indeed used figures very conservatively, for example with regard to the development of inflation and prices for energy and the dollar, because you can never know whether today's favorable situation will not be reversed tomorrow. It is true that in the past they often did the opposite, they manipulated figures somewhat in order to obtain the required results on paper. I have indeed been cautious. That is why I have also calculated all the effects of the plan. I don't deny that those deflationary effects do exist. The first year, unemployment will rise by 32,000 units. However, the improved economic growth will lead to the creation of 14,000 new jobs, which will create a balance for 1987 of 18,000 new unemployed. By the end of 1989, that increase should have been absorbed however, because of the favorable effects of the savings plan and of the improved economic growth. It is true that people are saying now that we should not economize so vigorously and put everything on stimulating growth. Well, I feel that without these budget cuts there would be a financial crisis, with increased pressure on the Belgian franc, which would force the National Bank to raise the interest rate to support the currency, which would make investments completely impossible.

Question: How does the SP assess the savings themselves?

Van Miert: We are not rejecting all the government measures. For years we have been asking for a tax deduction for mortgage interest payments, especially for the first home. Now this is finally happening. For 5 years we have also been asking for a moratorium on large army purchases. Nobody took this into consideration and in the meantime...

Verhofstadt: ... in the meantime we are still making a large number of payments.

Van Miert: True. If that moratorium had been decided on 5 years ago, we would have been able to save 70 billion francs over several years. Our criticism is directed primarily to the fact that the plan formulates intentions to privatize which are based on ideological bias rather than on a serious analysis. Especially, however, the plan leads to an upside-down redistribution. The people are being hit hard: at least 15,000 jobs will be lost in education, tens of thousands of women will suddenly be denied unemployment compensation, even the handicapped will experience severe income cuts. Someone also ought to explain to me how reducing maternity benefits is child friendly. Who thinks up things like that? You are using two sets of weights and measures, because in the meantime you leave the big fish untouched. For example, you don't touch the tax privileges of private partners in mixed inter-municipal systems at all; they hardly pay a franc in taxes.

Sore Toe

Question: Why were the savings sought primarily in education and in the social sector?

Verhofstadt: This involves responsible savings. Why in education? Because we in Belgium have the lowest student-teacher ratio in the whole European Community. In secondary education there are 8.9 students per teacher, and it is not clear that this provides qualitatively better education. This is, of course, due to the ideological pillars in this country; we have four educational networks. And in spite of decreasing numbers of students, the cost of education is constantly rising. We can no longer continue to pay for that. As a matter of fact, measures are also being taken in the social sector. Co-habitants lose their unemployment benefits if they have been unemployed twice as long as the average period of unemployment, even though they keep their status. We are the only EC country in which this right was unlimited, and the other EC countries are not socially backward, are they? This does not affect the weakest because it involves people whose family already has 40,000 francs in net taxable income.

Van Miert: But those are people who have paid for it! You are committing a breach of contract!

Verhofstadt: We no longer have that money! Besides, I don't understand why you defend the position that people who earn more than 40,000 francs should also receive unemployment benefits.

Van Miert: Those are rich people in your opinion? I have noted that you are treating other groups much more obligingly, that in other instances you pay scrupulous attention not to commit a breach of contract. There are people who have seen their income rise by more than 20 percent during the crisis, and you treat them with velvet gloves. For incomes above 3 million you do index the tax brackets. Whereas you take away unemployment benefits from families who earn 40,000 francs per month, a minimum of 10,000 francs, all at once, even though they may have built or assumed other obligations.

Verhofstadt: I notice that I have stepped on a sore toe. You are defending a policy of acquired rights. I am basing myself on a European comparison.

Van Miert: Well now, compared to other EC countries, Belgian maternity benefits are on the low side and yet you are hacking away at them too.

Question: Perhaps the prime minister has created expectations around it which are too high, but it doesn't look as if the plan will create a structurally new Belgium after all; the measures provided in it are more of a quantitative than a qualitative nature. For example, in education you are eliminating the VSO, keeping only a watered down version of it, while classical secondary education is once again given a little credit.

Verhofstadt: I don't agree with that. The measures we are taking are too far-reaching for that. They very often have an influence on the mechanisms. Of course, there are also simple linear changes; it is simply impossible to give Belgium a different structural basis from one day to the next. In education I have always had my doubts about the VSO, together with a number of other people in the PVV. The basic model now is to abandon that system and to return to a more classical type. As a matter of fact, that VSO absorbed an enormous amount of resources while its quality was debatable, as is shown in the writings of Alois Gerlo.

Another example of a structural measure is the decision that henceforth public credit institutions will have to turn to the private market to increase their capital; the money for that will no longer come from the government. As a result, those financial institutions will gradually become mixed enterprises. The same tendency toward privatization is illustrated by the recycling and sale of government shares in the national sectors and in the so-called "investments," and by the decision that the Shipping Credit Fund and the parastatal Airways Administration must become self-supporting. All of this -- for which henceforth each time the private capital market will have to be called on -- leads to a redefinition in principle of the essential role of the government. As a matter of fact, the same is true for the fact that henceforth private partners will also be involved in public investments. We were one of the few countries where the government considered 100 percent of this role as its task. In social security, the option is slowly growing that large portions of social spending should remain reserved for people with lower incomes. Those who earn more should take care of their own security and insure themselves. Is that the new Belgium then? No, but it is the first step toward more basic qualitative reforms.

Old Spil

Question: It has always been the intention to "cut the fat out of the state." However, doesn't this plan first of all hit the citizens, via mass dismissals, reduced benefit payments, economy measures in public transportation or the curtailment of municipal grants, which would certainly lead to higher municipal taxes?

Verhofstadt: That is not the case. The municipalities must slim down to the extent that the national government makes an effort to economize. That seems more normal to me. We are not talking here about a shifting mechanism, as has been claimed occasionally. Royal Decree 60 provides that grants to municipalities and provinces shall experience the same development as the central government's current spending (minus the government debt). All authorities should make the same effort, shouldn't they? I must admit that for the regions and communities, matters are different.

Van Miert: The result of the reduction in grants to regions and communities will be that they will now suddenly be faced with much higher budget deficits etc.

Verhofstadt: Do you know what I would like most? That all of them would have their own incomes, but then also with each having their own treasury, because for that we as central government always have to foot the bill.

Van Miert: SP Representative Mark Galle has introduced a bill to that effect.

Verhofstadt: Well, if the subject comes up I will vote with you.

Van Miert: I will keep a close watch on your voting behavior and that of your party colleagues.

Verhofstadt: The reduction of grants does not necessarily have to lead to higher municipal taxes. The municipalities could carry out some restrictive reorganization there. And cuts in the public transportation companies do not have to lead to reduced services or higher rates. For the railroads the state pays 8.3 francs per kilometer per traveller, while the amount is 2 to 3 francs in our neighboring countries. It is not really unfair to ask that cuts be made there, is it? To provide many resources is no guarantee of quality, on the contrary... Hm, now I am becoming a bit ideological; it is the old soul of the party president speaking.

Van Miert: I had already noticed that, yes. I remain convinced that the government is making stupid mistakes with this plan, that it is missing opportunities by not making use of the favorable economic circumstances of the moment, for example to stimulate economic growth. Those are opportunities which did not exist in the past. However, you prefer to opt for heavy, real savings, such as in education. From the point of view of a democratic educational policy I don't share your opinion about the VSO, and denominational education doesn't share it either. However, what I recall from your explanation is that the savings were motivated primarily by ideological positions.

Verhofstadt: True, for me it is also a question of a choice of content.

Van Miert: It does you credit that you admit that; it is now up to your partners to take the responsibility for that. But take the 30 billion franc "consolidation" of the government debt included in the plan. Come now. That was already included in the 1984 Savings Plan and in the government declaration, and now it is being brought up again as a deus ex machina to fill a gap. But with regard to those financial institutions you do hurry to assure them that you will not commit a breach of contract; you have many fewer problems in that regard with the social security recipients. How much are the banks providing in terms of income cuts? Nothing, right? What you should do with those 30 billion francs is spread the repayment over time, shift toward the future, to the younger generations you talk so much about. But the banks will not do that for nothing.

Gleam in the Eyes

Verhofstadt: I don't claim the contrary, it must be done via measures which conform to the market.

Van Miert: Precisely. Contrary to what is sometimes hinted at, this does not involve a tax reduction for the state, and this while you are asking such heavy efforts from the ordinary people. Another paper measure in the savings plan, which can easily be circumvented, is the reduction of the number of hospital beds. This is the umpteenth time that those beds have come up in a savings plan; it has never worked. You are deceiving yourself if you think that this can produce results. The only thing that will happen is that a few low occupation beds will be eliminated, and what is lost there will be compensated by raising the rates. You should get to know the practices in the medical world better.

Verhofstadt: This is the first plan which provides for a reduction of the number of beds; in the past it was a matter of freezing. The measure will work, because the item will be included in the budget of the minister of social affairs. He cannot spend more than he has. He will have to divide that budget item among the various hospitals. We will see the effect in practice. And as far as rates are concerned, they will also be kept in hand: we will incorporate them in the price per day in the hospital.

Question: Will the tax cap really be respected now?

Van Miert: For the first time, there is a savings plan in which no new revenues are foreseen and in which the budget is cut exclusively through reduced spending. However, a number of tax expenses (tax reductions for the taxpayers) are being reduced via a few technical measures.

Van Miert: There will indeed be tax increases.

Verhofstadt: They really do grudge me the gleam in my eyes, don't they.

Van Miert: It is absolutely wrong to speak of a tax cap: people will feel it. The deduction of payments for free health insurance will be eliminated -- that is something of which innumerable people will feel the negative impact; the tax system for those with new parallel pensions will be less favorable than for those with parallel pensions in the old system. There will certainly also be a shift via higher taxation by the municipalities. And in addition there is also the third 2 percent index jump, which you can call whatever you like but which is a real tax.

Verhofstadt: Efforts will indeed have to be made. I don't want to deny that. The idea of a tax cap should not be misunderstood. Some people will receive fewer benefit payments, others will suffer the unfavorable impact of the drop in government investments. But there will be no fiscal or para-fiscal increases. Nor will I deny that the third 2 percent jump will take place; that was already provided for in the current government's savings plan.

Question: The government has always said that it would not avoid any taboos; and yet a number of union "holy houses" are still standing: the union premium will not be eliminated, there will be a grace period [part of sentence missing] franchise in the health insurance.

Verhofstadt: There was no way to achieve an agreement on eliminating the union premium, and the return of those savings was too low to let the whole savings plan fail because of it. As far as the grace period is concerned, we have worked out a much better system via the transfer of not taken sick leave. The franchise will be implemented in a certain sense, but with a ceiling on a yearly basis.

Question: You know your people, colleague-ministers. What guarantee do you have that the savings which were decided on will really be carried out?

Verhofstadt: On page 54 of the final text is the description of the "key" at my disposal to enforce a correct and complete implementation. Not a single minister is allowed to exceed his budget, and if everyone had always stuck to that there would be no budgetary problems now. To exceed the budget can only be done via additional credit discussed in the Council of Ministers. That system will now be strengthened. But the derailments occur primarily through treasury operations and treasury advances. When he had an optional expenditure to make -- and the large majority of all expenses are imposed -- and his budget was exhausted, a minister could go to the treasury and say: go ahead and pay. And that was done automatically then. Now that is no longer possible; now the treasury will have to get the approval of the ministers of finance and of the budget first.

Question: And would you refuse, even if it is a matter of paying salaries for example?

Verhofstadt: I would say "no," unless there are budgetary compensations; I would have to have the certainty that what is being overspent would really be compensated within the budget.

Van Miert: What do you do with transfers from one year to another? In the House Budget Committee you have said that they will be prohibited. At the present time, there is such a transfer of 5 billion francs on the agenda for the Department of Defense.

Verhofstadt: I am preparing my royal decree to eliminate that. Royal Decree 402 prohibits any transfer, unless it has the approval of the minister of the budget. In the past the reverse was true; then the minister had to annul them. Well now, I will annul that transfer. It is a good thing that you reminded me of that.

8463

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ECONOMIC

FINLAND

SLOW GROWTH FOR FIRST FOUR MONTHS OF 1986 SURPRISES MINISTRY

Helsinki HELSINGIN SANOMAT in Finnish 19 Jul 86 p 23

[Article: "Finance Ministry Believes Upswing Is Beginning, Poor Beginning Negated This Year's Growth Estimates"]

[Text] The Finance Ministry has lowered its economic growth estimates for this year. In the spring the national economic section of the ministry was still forecasting in its economic report that the gross national product would increase 2.5 percent this year.

Now the estimate has been revised downward to 1.5 percent.

The Finance Ministry's pessimism is not apparent in the ministry's most recent economic report; the report refrains completely from issuing an opinion on the rate of growth.

The gross national product grew only 0.5 percent in the first quarter of the year.

Industrial plant production per workday decreased 1.5 percent according to advance data, states the report. The strikes in the spring were a major factor. According to unofficial preliminary data, industrial production decreased even 5 percent in May.

Growth Expected Next Year

The gross national product will increase at a rate of 4 percent at the end of the year so that the Finance Ministry's spring growth estimate should be achieved. Industrial production should increase at a rate of 5.5 percent, but no one believes this will happen.

On the other hand, the Finance Ministry as well as industry itself, however, estimate that the end of the year will be clearly better than the beginning. Industry's optimism was apparent in the economic barometer published this week.

The Finance Ministry bases its forecast for a better end of the year on low oil prices and the improvement of production in Western countries. These

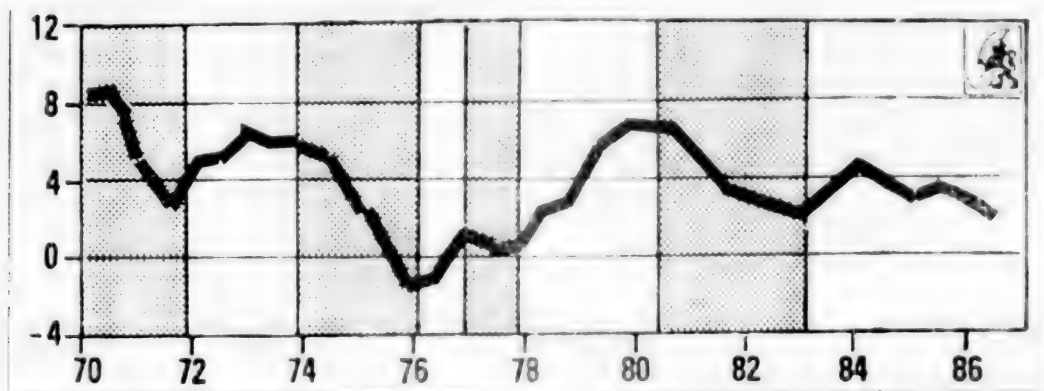
circumstances will reduce cost pressures on industry and will increase demand for the export industry in the West. Indeed, it is expected that trade with the East will continue to decline at the end of the year.

The Finance Ministry has also raised the growth forecast figures for next year. According to the ministry's latest forecast, the gross national product will grow more than 3 percent next year.

Better times are also seen in export prices. They have turned upward for the first time in nearly a year. The Finance Ministry believes that export prices will become even stronger at the end of the year.

The Finance Ministry also expects that the quantity of exports will increase. The balance of trade will definitely show a surplus this year. The balance of payments will show a deficit because of a weak level of services.

Economic Indicator



Prices Are of Concern

The inflation rate has been more rapid than what the Finance Ministry forecast at the beginning of the year. Consumer prices have already increased as much, now, 2.6 percent, as what the Finance Ministry believed they would increase during the whole year. "This is hard to understand," admitted Pertti Sorsa, chief director of the economic section of the Finance Ministry. He is particularly surprised by June when consumer prices increased 0.5 percent.

Prices must not, on the average, increase at all for the rest of the year, demands the Finance Ministry and considers its demand to be realistic. The increase in the energy tax will be compensated by lower rents and the reduction of farm costs, calculates the ministry.

The price level should be restrained by, among other things, increasing competition in areas of commerce protected from foreign competition, considers the ministry. One such area would be public procurements, in which tens of billions of markkaa are spent annually. According to the ministry, foreign bidders could be included in public competitive bidding.

The ministry is also clearly concerned about the growth of demand. The purchasing power of households will increase 4 percent throughout the whole year, estimated the ministry.

The employment situation will not improve over last year. The ministry believes the unemployment level for the whole year will be 6.5 percent or slightly worse than in the previous year. Employment will, however, improve slightly from now until the end of the year. Unemployment was still at 7.5 percent in the spring.

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ECONOMIC

FRANCE

PROPOSALS OF BELIN-GISSEROT REPORT DISCUSSED

Government Cuts Proposed

Paris LES ECHOS in French 7 Jul 86 p 4

[Article: About Thirty Departments Could Be Eliminated"]

[Text] Excessive and poorly programmed recruitment, surplus of cadre personnel, proliferation of services. Those are some of the findings of the study task force led by Roger Belin, honorary member of the Council of State and former secretary general of the government, and Pierre Gisserot, treasury inspector general, who on 7 May were asked by Edouard Balladur to make proposals on "simplifying the structures of the central administration."

The report recently submitted to the Ministry of Economic Affairs suggests no more and no less than the elimination of about 30 departments and delegations out of the 230 to 250 which make up the central administration. The disappearance of those departments could be translated into the elimination of 4,200 civil service jobs.

This task force, which was able to base itself on the work already done under the socialist administration by the task force on modernization of the central administration, noted for example that a single task is often entrusted simultaneously to the central administration and to an agency. This is true for the Ministry of Veterans and the National Veterans and War Victims Office. Another finding was that the decentralization was not accompanied by the systematic elimination of positions in the central administration as they were substituted by local services.

Among the report's proposals there is, for example, the trimming of the General Planning Commission. There are questions about the appropriateness of continuing to draw up 5 year plans. Doubts are also expressed about the effectiveness of ANVAR [National Research Development Agency] and about the Depreciation Fund for Electrification Costs [FACE].

The Belin-Gisserot report suggests the elimination of AFME [French Energy Control Agency] and feels that the Industrial Development Center of the Pompidou Center henceforth duplicates the new La Villette City of Sciences. It seems to the authors of the report that CESTA [Study Center for Advanced Systems and Technologies] has human and financial resources which are far too great. Another structure targeted by the report: the World Data Processing

and Human Resources Center, managed in the past by Jean-Jacques Servan-Schreiber, nicked a few years ago by the revenue court, as was CESTA.

For the Ministry of Social Affairs the proposal was made to reduce the department of social action and to eliminate the permanent group to fight illiteracy. For the Ministry of Agriculture, to merge the general education department with the department of social affairs. For the Ministry of Industry, to eliminate the general strategy delegation set up by the previous administration to determine telephone policy. Within the prime minister's services, it was recommended that, among other things, the position of interministerial delegate for refugees and the delegation for liberal professions be eliminated.

The Ministry of Finance was not spared either as it was also suggested to reduce the general department for competition, consumption, and fraud repression made up of about 4,000 civil servants, some of whom were in charge of price control.

The use Edouard Balladur wants to make of this report remains to be seen. For now, "the minister will work on the text together with the other members of the government, to draw conclusions from it," they noted at the Ministry of Economic Affairs. Let us recall, however, that in late April Jacques Chirac had set as goal for 1987 to reduce by 1.5 percent the approximately 2.3 million jobs in the civil service. Or about 30,000 positions. The Belin-Gisserot report is far off the mark.

AFME Solar Research To Go On

Paris LES ECHOS in French 8 Jul 86 p 5

[Article by A.P.: "Michel Rolant Not Worried"]

[Text] Received at the Hotel Matignon yesterday evening to outline his 1987 budget, the president of the French Agency for Energy Control [AFME] did not lose his usual optimism in the face of the attacks on him in the Belin-Gisserot report. Having been asked to study the simplification of the structures of the central administration, these two senior civil servants recommended the elimination pure and simple of AFME (see yesterday's issue of LES ECHOS). But according to Michel Rolant, who was not consulted about that report and did not know anything about it, that proposal comes under the "periodic emergence of a few fantasies from civil servants who, having been called on to prune within the civil service, attack something totally different."

It is true that the Agency's president can base his assurance on the statements made by the prime minister, which his minister of industry confirmed again last week. As a matter of fact, Alain Madelin explained that the drop in the price of hydrocarbons "does not affect the major lines of our energy policy which remains based on energy savings, the development of profitable national production and the diversification of imports. It is nevertheless a fact that AFME was controversial well before the Belin-Gisserot report and that perhaps it is not indispensable to the pursuit of energy savings.

Even though aid to industry seems to be receiving close governmental scrutiny, the research effort is not expected to be thrown back into question again, even if budgetary reductions force AFME to practice greater selectivity.

Those financial constraints have nothing to do with the halt at Themis which occurred on 30 June last. Neither is it the result of a negative balance sheet for this 2.5 megawatt solar tower located in the Eastern Pyrenees. On the contrary, the representatives of AFME appeared satisfied with the experiment which strengthened them in the choice of the network. Problems were encountered in the conventional part of Themis but the specifically solar equipment "performed excellently." Besides, the Americans have just rallied to the French solution using melted salt to transport heat.

In order to minimize the cost, the power of such a power station should be at least 20 megawatts, but even under the sunny conditions in California or Saudi Arabia the cost per kilowatt/hour would be 2 to 2.5 francs. Hence, the technology demonstrated by Themis is not profitable today. Anyhow, the power station itself was never intended for industrial production, even if there was some ambiguity at the time it was launched in 1975, along with the nuclear program. In spite of the costs, the Germans, who after Chernobyl increased their aid to renewable energy sources to 250 million DM, are currently studying a 30 megawatt power station demonstration project.

In the future, the Themis heliostats (10,000 square meters of mirrors) could be used for the analysis of cosmic rays, that is to say as a particle accelerator for the study of interstellar space. A proposal in this sense has been submitted by the CNRS [National Center for Scientific Research] and the College of France to EDF [French Electric Company], the owner of Themis.

8463

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ECONOMIC

GREECE

CORRECTIVE MEASURES FOR ECONOMY REPORTEDLY TO BE MADE

Athens TA NEA in Greek 12 Jul 86 p 6

/Article by Pandelis Kapsis: "Substantial Changes in the Economy"/

/Text/ Contrary to what has been published in the newspapers from time to time, the economic staff of the government has decided that new measures before or after the municipal elections are not necessary.

This way, we should do away with impressive announcements until the end of the year and in 1987 as well. The policy frame announced in October 1985 will be in force for the entire two year period.

Of course, this does not mean that there will be no important changes indeed, that will be targetted against organizational problems of the economy, nor, of course, is it certain that whenever necessary, corrective measures will not be taken for materializing the policy decided upon.

For example, such corrective measures that are targetted to keep the public debt within the limits of established targets, have already been decided during a recent meeting at the Ministry of National Economy, attended by the manager of the Bank of Greece, Mr D. Khalikias.

According to these measures, given that the expenses of the regular budget cannot be practically restricted any more in 1986, there are plans for the restriction of certain allocations to the Program for Public Investment and the increase of income from the increase in prices of certain products being handled by the public administration.

The Interest Rate is not being Increased

Similar corrective measures possibly may be taken also for the money credit program that is in "danger" from the reduction in deposits and the parallel increase - above the provided limits - of credit to the private and public sector. The increase of the interest rate, however, that the Bank of Greece has proposed, definitely appears to have been dropped.

The view of the Ministry of National Economy that finally predominated was that such an increase significantly would burden the costs of business and would be inflationary.

Indeed, in a funny way an "advocate" of the ministry against the increases was also the National Bank that had the same interest since the increased cost would burden the businesses in which it was a shareholder. Of course, the conflict that exists when a bank substantially makes loans to itself, in other words, to businesses it controls, has not been the concern of our economic authorities for a long time now.

Facing the Problems

Beyond these corrective measures, however, the extent of which will depend on the course of the economy, it appears that in the economic staff of the government a series of thoughts are beginning to take shape. These thoughts had been expressed from time to time in facing corrective measures that hinder the development of the economy. Indeed, in some cases the respective processing has already begun in the services of the Ministry of National Economy and the Bank of Greece.

It should be pointed out that these thoughts were discussed with representatives of international organizations that visited Greece recently, such as the International Monetary Fund, OECD, EEC, without making any specific commitments.

The General Directions

Even though it is early for anyone to say what exactly is going to happen, the general directions that have a very wide government approval are:

1. For the credit system, in a first stage, the effort to unify the interest rate for various categories of loans will continue. The target will be a preparation in stages, if something like that is permitted by the inflation, to liberate the interest rates within the limits of the efforts of the Bank of Greece to decrease the direct controls so that a better competitiveness can be achieved in the bank market.
2. For taxation, the basic aim is to widen the tax base and increase direct taxes since it is believed that only in this way is it possible for the long term confrontation of the tremendous deficits of the public, without dismissing employees or drastically limiting services provided by the government.

Within these limits, as the Ministry of Finance has already announced, the government will proceed in the abolishment of tax exemptions in stages, while efforts will continue for coping with tax evasion, mainly through the rational reform of the tax laws.

Similarly, with the application of the Tax of Added Value from January 1987, a drastic simplification will be accomplished of the present state of indirect taxes.

3. For the labor market, the government already has proposed a series of measures to cope with unemployment, of which certain ones, e.g. part time work, are aimed to lessen administrative restrictions that exist today and the improvement in the mobility of the workers. It is expected that this effort will be continued, but not in the immediate future and despite the pressures from the industrialists, since it is believed that under the present circumstances, the political and social costs of such measures would be very great.

4. Finally, for the industry, the aim of the government is to bolster the competitiveness and restrict the dependence of the enterprises to special privileges, tax exemptions and government protection. With these objectives, the liberation of prices has begun for many categories of products. It is expected that this will continue and be completed in stages.

Change in Stages

From these general directions, a great part of which are included in the latest report of the manager of the Bank of Greece, Mr Khalikias, it is evident that we are in a period of a gradual but very substantial re-definition of the economic policy of the government.

An effort that many have described as a "right turn" and socialist neoliberalism. Only that, of course, things are not so. Because it would be difficult, for example, for one to describe as neoliberalism the widening of the tax base and the increase of direct taxes that, of course, mean more and not less government.

Here, however, lies the substance of the difference. During the period of the first 4 years and independent of the intentions, the intervention of the government in the economy was identified with the increase of public expenses without a compensating increase in public income.

A fact that finally meant that the deficit of the public sector substantially supported the economy and the private sector, protecting production, employment, but also income.

It Must Become Competitive

The deficit of the public sector, of course, resulted in the rapid increase of foreign loans and so, today, the healing of public finances is being attempted that, however, calls for the healing of the private sector. And this, because, of course, the private sector, when it cannot be "supported" by the public deficits, must become competitive to survive.

Thus, substantially, the organizational changes that are being processed by the government in the credit system, the taxation, or the labor market is nothing more than the other side of the measures that were decided in October. These were required not only for the stabilization of the economy but also for its development.

For anyone who elementarily is watching the course of our foreign debt, it is evident and independent of the mistakes in handling that may have been made that no other policy possibly can exist.

To the contrary, it was the delay in accomplishing these corrective changes that made the deficits of the public sector even more necessary to support the economic activity and in this sense brought the crisis more quickly to us.

9346

CSO: 3521/213

ECONOMIC

PORTUGAL

COMMENTS ON GOVERNMENT'S ECONOMIC PERFORMANCE

Lisbon EXPRESSO in Portuguese 5 July 86 p 21

[Text] Objective: Annual inflation rate; January 1986 administration estimate: 14 percent; foreseeable: 12 percent.

Comment. According to the results obtained in May (reduction of 0.5 percent in the consumer price index), inflation will continue to go down, thus prolonging a trend that dates back to August 1984. The drop in imported inflation, the renewed reduction in the cost of money, and the stability of government-controlled prices--these indicate that the annual inflation rate will be less than estimated by the administration. If prices go up by 1 percent per month, until the end of the year, then the annual inflation rate will be 13 percent. But the summer months are always "calmer" and the administration will do everything it can to postpone any price hikes that depend on it until 1987, which means that the inflation rate should be around 12 percent.

Objective: December 1986 unemployment rate; January 1986 administration estimate: 9 percent; foreseeable: 11 percent.

Comment. Contrary to the small decline in unemployment, which was promised at the beginning of the year, 1986 will show a slight increase in the number of unemployed. The recovery in civilian construction appears mostly insufficient in terms of balancing the lethargy of other sectors which are also strong sources of employment. The total number of new jobs created throughout the year will therefore be less than the combined result deriving from the elimination of jobs and the arrival of new manpower age groups on the labor market.

Objective: Available family income; January 1986 administration estimate: Up 3.5 percent; foreseeable: Up 4.5 percent.

Comment. During times of deflation, it becomes particularly difficult to control the growth rate of wages, above all in Portugal, a country without any tradition of institutional social coordination. In addition to wages, transfers by the state to private individuals, in the social context, grew more than the anticipated rate of inflation. As for family income, only

interest rates and the remittances from emigrants will turn out less favorable. In spite of all of this, the administration target will probably be exceeded even though the reduction in the tax burden wound up considerably short of what had been anticipated.

Objective: Gross domestic product; January 1986 administration estimate: Up 4 percent; foreseeable: Up 4.5 percent.

Comment. Although exports registered unexpected development, the product should grow a little more than anticipated by the administration, as compared to 1985, since the new phase in the economic cycle began already during the second half of the prior year. This time it will be the domestic demand that will be the moving force behind growth and, in this context, both private consumption and public investments will play a strong role.

Objective: Gross fixed assets formation (investments); January 1986 administration estimate: Up 10 percent (by volume); foreseeable: Up 8.5 percent (by volume).

Comment. Under this heading, the administration has assumed an attitude of "forward flight"; the resumption of investments was supposed to have taken place at the end of 1985; then it was said that the first quarter would be the moment at which one would begin to feel a revival as regards intentions to invest; finally, it is now hoped that the last half will see us turning the corner with respect to "old reliable" Cavaco Silva. The recent reduction in interest rates should enliven the panorama although we will not reach the goal recommended by the executive branch.

Objective: Government budget balance; January 1986 administration estimate: Deficit of 470 million contos; foreseeable: Deficit less than 470 million contos.

Comment. The government budget deficit will remain below the level approved by Parliament; that is the only certainty we can point to in the face of an indicator that should be of enormous economic and financial importance but which, due to the fact that public accounts are not at all clear and wide open, was turned into a mere number of doubtful significance, just like the deficits which it conceals or which persist in other areas of the enlarged public administrative sector.

Objective: Exports; January 1986 administration estimate: Up 5.5 percent (by volume); foreseeable: Up 3.5 percent (by volume).

Comment. The performance of exports during the first four months of the year cuts the ground out from under the administration target of increasing the country's foreign sales of goods by 5.5 percent (unless some export earthquake manages to shake the country up). Although there is as yet no final explanation for the results obtained during the first few months of this year, the truth is that the stagnation recorded here implies a growth that is considerably more modest than had been hinted at.

Objective: Imports; January 1986 administration estimate: Up 10.5 percent (by volume); foreseeable: Down 8 percent (by volume).

Objective: Balance of current transactions; January 1986 administration estimate: Negative balance of \$700 million; foreseeable: Positive balance of \$800 million.

Comment. The executive branch under Cavaco Silva decidedly took its time when it came to believing that the drop in oil prices was a reality. Slow to believe that "it had a winner on its hands," the administration adopted such a cautious position that it stuck to its "old" line of reasoning: if investments go up--and if the foreign component of capital goods is strong--then imports will shoot up. That is not true. The change observed in raw material prices (above all, energy raw materials) substantially improves the country's position as regards its foreign accounts. Perhaps for the first time in a long time, the domestic demand can grow without the country running a risk in terms of the transaction balance deficit. The year 1986 is quite different from 1980.

5018

CSO: 3542/128

ECONOMIC

PORTUGAL

NATION'S PURCHASING POWER CONCENTRATED IN CITIES

Lisbon O JORNAL in Portuguese 11-17 Jul 86 p 22

[Text] Lisbon holds more purchasing power than it consumes. But, in any case, it is very much above the national average. A study by Marktest for SELGEC shows that the national wealth in the developing areas of Lisbon and Porto represents 66 percent of the purchasing power in Portugal and that, in this respect, the rest of the country is far behind.

The IPCR (Regional Purchasing Power Index) places the municipality of Lisbon in first place with 252 per mill while Porto shows up with a figure that is 3.5 times less, in other words, 76 per mill.

In population terms, however, the difference between the two metropolitan areas is much less; the per-mill figure for Lisbon is 83 and the figure for Porto is 34.

But that is not the end of the inequalities. Next place on the IPCR is held by the municipality of Loures which has an index that is 3 times smaller than that of Porto (27 as against 76). At the bottom of the list comes the municipality of Corvo, in the Azores, with an index of only 0.01!

There are 22 municipalities in the autonomous regions and 145 on the continent with an IPCR of less than 1; 3 of them are in the district of Aveiro, 11 are in Beja, 6 in Braga, 10 in Braganca, 8 in Castelo Branco, 10 in Coimbra, 11 in Evora, 6 in Faro, 11 in Guarda, 7 in Leiria, 3 in Lisbon (Cadaval, Arruda dos Vinhos, and Sobral de Monte Agraco), 13 in Portalegre, 1 in Porto (Baiao), 8 in Santarem, 2 in Setubal, 5 in Viana do Castelo, 11 in Vila Real, and 19 in Viseu.

In most of these municipalities, the percentage of the needy population is very high, such as 55 percent in Carrazeda de Ansiaes, a district in Braganca, just to select a municipality at random. The percentage of illiterates among the total population is still very much higher than 30 percent and that should reduce any hope for short-term development.

As we can see in the table below, half of the district capitals do not show up on the list of the 25 municipalities with major purchasing power. What is even worse, even if the list were to consist of 50 municipalities, it would not include all; for example, Portalegre would show up only in 70th place.

The 25 "Biggest"

Here are the country's 25 municipalities with the biggest regional purchasing power.

Sequential Number	Municipality	IPCS (per mill)
1	Lisbon	252
2	Porto	76
3	Loures	27
4	Sintra	21
5	V.N. de Gaia	20
6	Cascaia	20
7	Coimbra	18
8	Oeiras	16
9	Matosinhos	16
10	Almada	15
11	Amadora	15
12	Funchal	13
13	Braga	11
14	Guimaraes	11
15	Setubal	11
16	V.F. de Xira	9
17	Gondomar	9
18	Leiria	9
19	Aveiro	8
20	Seixal	8
21	Viseu	7
22	Feira	7
23	Faro	7
24	Maia	7
25	V.N. de Famalicao	7

5058

CSO: 3542/128

ECONOMIC

PORTUGAL

BRIEFS

EEC AGRICULTURAL ASSISTANCE--Portuguese vineyards will be converted with financial aid from the EEC up to 70 percent of the cost; this participation is much greater than what most of the Community partners appeared to have been ready to accept. Minister Alvaro Barreto was informed about this yesterday by the top instances of the Community who gave him guarantees to the effect that these eight countries, which last week were still opposed as to the amount of aid to be given for the reconversion of Portuguese vineyards, had changed their position in favor of Portugal's claims. The solution to the reconversion problem was the main reason behind the minister of agriculture's trip to London. It is recalled that another success achieved by Portugal with respect to the EEC in the agricultural sector was represented by the fact that 81 percent of the national agricultural area would be considered an emergency zone which means that it could benefit from all of the Community aid programs. [Text] [Lisbon TEMPO in Portuguese 11-17 Jul 86 p 56] 5058

CSO: 3542/128

ECONOMIC

TURKEY

LIFTING OF DUTY ON EEC STEEL IMPORTS EVOKES CONTROVERSY

Istanbul DUNYA in Turkish 5 Jun 86 pp 1,9

[Report by Sernur Karagoz]

[Text] While the lifting of the 5-percent customs duty collected on 55 import items--mainly iron and steel products--from the EEC was received positively by some iron and steel manufacturers, others charged that the ending of the practice will create problems. Officials of the Undersecretariat for the Treasury and Foreign Trade stated that the customs duty was ended following the positive results obtained from the clothing and apparel agreement [with the EEC]. Meanwhile, officials of the Turkish Iron and Steel Works Directorate General [TISW] insisted that the lifting of the 5-percent duty will not cause any problems in the sector. It was also reported that the ending of the 5-percent customs duty on steel and petrochemical imports from the EEC will deprive Turkey from annual revenue of nearly \$20 million.

Officials of the Undersecretariat for the Treasury and Foreign Trade noted that the customs duty on steel and petrochemical imports from the EEC was imposed in retaliation for the restrictions imposed by the EEC on [Turkish clothing and apparel products] and said: "The agreement we reached with the EEC over cotton yarn as well as clothing and apparel products eliminated the need for the EEC customs duty."

Commenting on the elimination of the customs duty, TISW officials said that the new implementation will not cause any problems in the Turkish iron and steel sector, that domestic iron and steel products are much cheaper than imported products and that a 5-percent drop in the price of imported products will not upset the market.

Noting that the Turkish iron and steel sector is not dependent on overseas the TISW officials said that Turkey has been both exporting and importing iron and steel products because of the foreign trade policy that is being pursued.

What Does Private Sector Say?

The lifting of the EEC customs duty, which became effective after the directive by the Money and Credit Council was published in the Official Gazette 2 days ago, elicited different comments in the iron and steel sector. While Metas Director General Isin Celebi said that the elimination of the duty will cause problems, Cuhadaroglu Chemical Industry and Trade Corporation Deputy Director General Fatih Kutlay, Western Marketing Corporation Director General Mahir Vural and Doktas Executive Council President Mete Nakiboglu insisted that the elimination of the duty will help the sector.

Metas Director General Isin Celebi said that the elimination of the fund which stipulated the collection of a 5-percent excise tax on steel and petrochemical imports from the EEC will cause problems. Celebi noted that existing protectionist measures are being toughened in all countries, that the United States has also enacted anti-dumping laws and that Europe is making the import of imports more difficult to support and protect domestic industries. Stating that various measures are being developed in all countries to protect domestic industries, Celebi said: "The elimination of the 5-percent duty while the country continues to have a substantial surplus will offset the advantages gained in textiles."

Stating that the elimination of the customs duty will force the domestic industry to achieve a certain quality level, Cuhadaroglu Chemical Industry and Trade Corporation Deputy Director General Fatih Kutlay said: "The iron and steel industry will be forced to move toward the use of advanced technology and genuine research and development activities to produce highly competitive and selected high-quality low-cost products with high capacity utilization rates."

Describing the elimination of the 5-percent customs duty on 55 items imported from the EEC as a decision which demonstrates a true desire to enter the EEC, Kutlay said that the elimination of the customs duty will make imported goods cheaper and the rules of free market will force the utilization of advanced technology. Kutlay added that domestic producers will have to either reduce their costs or increase their quality in order to compete with imported goods.

Stating that customs duties and excise taxes on imports of iron and steel products increased costs and made imports impossible, Western Marketing Corporation Director General Mahir Vural described the elimination of the 5-percent customs duty as a correct decision. Vural said that the elimination of the duty will provide a saving of 5 percent to importers.

Stating that the elimination of the customs duty will have a positive effect on and will reduce costs in the foundry industry, Doktas Executive Council President Mete Nakiboglu said that the new implementation will help the iron and steel sector. Nakiboglu said that the duty was not imposed to protect the foundry industry and that this industry did not have any problems.

\$20-million Revenue Lost

The elimination of the 5-percent customs duty on steel and petrochemical imports from the EEC means that Turkey will have to forgo a revenue source of nearly \$20 million a year. It was disclosed that Turkey's iron and steel imports from the EEC amounted to \$333,352,385 last year and that iron and steel imports from the EEC constituted 36.5 percent of Turkey's total iron and steel imports. Last year, Turkey's total iron and steel imports amounted to \$1,754,000 [as published].

In 1985, Turkey produced 5 million metric tons of iron and steel products of which 2.3 million metric tons were exported.

ECONOMIC

TURKEY

FIRMS AGREE ON EEC TEXTILE QUOTA DISTRIBUTION SYSTEM

Istanbul DUNYA in Turkish 26 Jun 86 pp 1, 9

[Text] NEWS CENTER - At their latest meeting yesterday on distribution of the textile quotas specified in the voluntary limitation agreement signed by Turkey and the EEC, manufacturers, exporters, manufacturer-exporters and export capital companies reached agreement on a different system, which had not to date been proposed, whereby 50 percent of the quotas will be distributed at large and 50 percent according to past performance provided a security deposit is made on both.

When the meeting held in Ankara early in the week with Treasury and Foreign Trade Under Secretary Ekrem Pakdemirli failed to produce results, Pakdemirli set a time limit until yesterday afternoon for the exporters to reach agreement on quota distribution and said he would set the quotas himself otherwise. This spurred exporters, meeting yesterday at the Exporters Union, to reach agreement on the different formula following a 3-hour argumentative meeting. Under the new system, firms will have to make a 25-percent security deposit in the distribution of the 50 percent designated at large, not based on 1985 sales. A 3-month control mechanism will be triggered, and if the exports are not completed during this period the deposit will be forfeited and the quota assigned will be returned to the pool. The remaining 50 percent of the total quotas will be assigned according to past performance on condition that a 10-percent deposit is paid. Participation in the quotas to be distributed on the basis of past performance will be based on applications.

Under this system also, the deposit will be forfeited if the exports are not completed within 3 months and the quota returned to the pool. In the evaluation of past performance, assignments will be made directly to the individual manufacturers and exporters, unless two firms reach agreement among themselves, in which case the quotas will be given to either the manufacturer or the exporter. If agreement cannot be reached, the quota will return to the pool. Moreover, if no exporter is named on the customs declaration, the exporting firm will gain the right to the quota.

The system agreed upon will be publicized, with quota assignments and remaining amounts published weekly or daily. The 40-percent portion which was distributed earlier by the Exporters Union will be taken back.

Making the announcement at the conclusion of the meeting, which was closed to the press, Foreign Trade Association Chairman Mustafa Suzer said, "In the end, we found a way, to everyone's advantage, to block the selling of quotas. This brand new system emerged by combining the positive aspects of each side's proposals." Leaving the meeting extremely pleased, Turkish Confederation of Employer Unions President Halit Narin said, "The quotas are being distributed 50-50. Performance will have a 10-percent security deposit and at large will have 25 percent. Quotas will be distributed every 3 months. Everybody will have fair access to the quotas."

Though representatives of the top organizations involved in textiles from Istanbul attended the meeting, Garment Industry Association President Turgut Yilmaz, who was invited by the Exporters Union but did not attend, dispatched a message to Treasury and Foreign Trade Under Secretary Ekrem Pakdemirli, according to an ANKARA AGENCY report. In the message, he said that solid data was not available on which the unions could base distribution or determine firms' performance and contended that quota distribution was not necessary for 1986.

8349

CSO: 3554/122

ECONOMIC

TURKEY

PRIVATIZATION GOALS, PERSONNEL LAYOFF OPTIONS ASSESSED

Istanbul HURRIYET in Turkish 19 Jun 86 p 4

[Report by Cetin Cetiner]

[Text] Ankara--The main features of the project to privatize the State Economic Enterprises [SEEs]--to which Prime Minister Turgut Ozal has attached major importance--have been determined. The principal report prepared by the U.S. consulting firm, Morgan Guaranty Trust Company, at the request of the State Planning Organization [SPO] sets five primary goals.

The report also enumerates nine secondary goals in addition to the five primary goals. The five primary goals listed in the report prepared at the request of SPO also answer the question: "Why is privatization needed?" The five primary goals are:

1. Privatization will facilitate higher productivity in industry and real growth in the economy.
2. Growth will be insured in the capital market.
3. Treasury subsidies for the enterprises to be sold will be ended never to be restored again.
4. The SEEs to be sold during the privatization process will still supply revenue to the Treasury.
5. A step will be taken toward private ownership and away from etatism.

Another benefit that the report says may be gained through the privatization of SEEs is that government administrators can use their time to resolve political problems rather than wasting it on solving the problems of the SEEs.

Personnel Problem

The report on SPO's overall privatization plan also refers to the personnel issue and proposes four methods to reduce the number of personnel. The following methods will be used in terminating SEE employees who are not required or who must be laid off:

1. None of the employees who are terminated will be replaced under any circumstances.

2. Early retirement will be encouraged.

3. Those who wish to quit their jobs voluntarily will be encouraged to do so.

4. Those terminated will be treated generously and will be paid substantial compensation for separation.

The report states that such social problems will not hamper the privatization process at least in the initial stage. The report says that no excess personnel is employed in the Aircraft Service Corporation [USAS], the Tourism Bank [TURBAN] Hotels, the Turkish Airways, and the Cement and Animal Feed Industry factories which are slated for privatization first. The report says that there are no major problems with regard to these organizations and that the most major problems on this issue exist in public corporations which are planned to be held by the government for a longer period of time.

The report says that USAS, TURBAN and the Turkish Airways may be sold as a whole and that most of the cement and animal feed factories may be put of for sale.

9583

CSO: 3554/119

ECONOMIC

TURKEY

RIISING MONEY SUPPLY RAISES FEARS OF HIGHER INFLATION

Istanbul CUMHURIYET in Turkish 19 Jun 86 p 6

[Report by Necmi Celik]

[Text] The massive expansion of the money in circulation by 240 billion Turkish liras in the last 2 weeks alone and the resulting boost in the emission rate--which is considered an important indicator in the control of inflation--to over 1.7 trillion Turkish liras has increased the peril of rising inflation in the last quarter of 1986--which includes September. In anticipation of by-elections whose date is not yet certain and the prospect of an early general election depending on the outcome of these by-elections, the Ozal government is preparing to abandon completely the tight money policy whose existence has always been questionable.

Economists with whom we consulted said that they would not be surprised if the emission rate reached 2 trillion Turkish liras by the beginning of September and that if the money circulating in the market increases by more than 40 percent by the end of the year, the inflation rate would not be less than that.

While the relaxation of monetary restraints is part of the Ozal government's election investments, developments in various fronts of the economy make the control of the money supply--and hence the inflation rate--difficult.

Government officials attributed the latest boost in the emission rate to the holiday season--as they did last August. However, the available data indicates that the rising demand for public sector financing, principal and interest payments on the country's foreign debt and agricultural loans were the most important factors in the expansion of the emission rate. Principal and interest payments of \$1.2 billion to be made by the beginning of July on the country's foreign debt increased the emission rate by 80 billion Turkish liras. As foreign debt payments increase, upward pressure on the emission rate is expected to rise even further.

The need of the Treasury, which has been having increasing difficulties in financing the budget, for short-term cash will also increase in the near term. The most important factor that may increase the need of the Treasury--which has already received advances of over 1 trillion Turkish liras from the Central Bank--for more cash are the back payments that it has to make on

government bonds and debentures which will mature at the end of June and the beginning of July. In order to prevent the emission of more money into the market as a result of these payments, the Treasury is planning to replace the maturing bonds and debentures with new ones.

The agricultural subsidy purchases to be made primarily by the Soil Products Office and other government agencies during the season will be another factor that will accelerate the flow of money into the market.

Meanwhile, demand for Turkish currency by Turkish workers returning from abroad for their vacations will also increase the upward pressure on the emission rate. When the expected boost in consumer demand on the occasion of the Sacrifice Holiday in August is added to these factors, it appears certain that the emission rate will reach 2 trillion Turkish liras by the beginning of September.

There have been substantial increases in the money supply since the Ozal government--which had committed itself to the tight money policy--took office in November 1983. The money supply rose by 117 percent from 730 billion Turkish liras in December 1983 to 1.732 trillion Turkish liras in June 1986. In other words, almost exactly 1 trillion Turkish liras were infused into the market during the tenure of the Ozal government.

The narrow and wide money supply figures, which are good indicators for measuring success in combatting inflation, also rose substantially. The broad money supply (M2) rose by 162 percent from 3.2 trillion Turkish liras to 8.4 trillion Turkish liras in the period of comparison. During the same period, the narrow money supply (M1) which is the principal component of the the cash in circulation rose by 117 percent from 1.3 trillion Turkish liras to 2.9 trillion Turkish liras.

The rate of increase of demand deposits in banks, which may be used for consumption at any time, also rose because of the reversal of the high interest policy which until recently was considered a major weapon in the fight against inflation. The increase in time deposits in the short period between 27 December 1985 and 23 May 1986 was only half of the increase for the corresponding period of last year. Demand savings deposits, on the other hand, rose by 7 percent in the said period compared to the corresponding period of last year. The rise in the share of demand deposits--that is the component that exerts inflationary pressure--in overall deposits is seen as another factor that reduces the chances of the realization of forecasts for the last quarter of 1986.

9588

CSO: 3554/119

ECONOMIC

TURKEY

ECONOMIC FREE ZONES SEEN AS TECHNOLOGY CONDUIT

Istanbul DUNYA in Turkish 26 Jun 86 p 2

[Article by Assistant Lecturer Dr Omer Akat of Uludag University Economic Science Faculty: "Technology and Free Zones"]

[Text] The war for supremacy in international markets depends on the technological courage of the competing firms and the sum total of initiatives in this area. It looks as if American firms have been losing the war recently and it may be said that the American economy is suffering as a result. To wit: Despite the fact that more than 80 percent of the leading innovations made in the world in the 1950's occurred first in America, this percentage dropped to 55 percent in 1965 and continues to decline today.

Even though Japanese businessmen have made more than 40,000 trips to America in recent years for studies of American technology and to transfer technology, one cannot help but notice that the Americans treat this problem lightly.

The fact underlying all these events is that America has lost or is beginning to lose the tremendous technological advantage it once had in many areas.

Specialization

One can see that many countries have seized leadership in this regard, albeit each in different fields, and other countries have even launched a race for technical superiority.

For example, the French have become a nation actively and continually producing innovations in electronic devices, nuclear power, aviation and the automobile industry.

German leadership has become accepted in the drug and chemical industry, precision tools and heavy machinery, metallurgy and highway transport vehicles; the superiority of Japanese firms has now become irrefutable in optics, the branch of physics dealing with solid substances, engineering and chemical and metallurgical processes.

It may easily be seen that Turkey is "out of the running" in this race. It has been unable to make full use of its natural and geographical advantages, cheap labor in particular, especially in textiles and, therefore, has no effective influence on world markets.

The naturally controversial shift from industrialization and expertise to a heavy concentration on trade may bring disappointment after a period of high hopes.

International Management and Turkey

"Management," which is remarkable for its high international growth rates, is steadily growing with significant innovations contributed by certain countries other than America. The firms which have emerged outside of America and, in the language of top management, asserted themselves in the marketplace will determine who will be the "profit-making stars" of the future. It would not be far from reality to expect that these internationally active firms would concentrate their activities in the "newly industrialized countries" group, which Turkey has just recently been able to join. In fact, the Mersin and Antalya Free Zones, due to be activated in July and August, will place a great responsibility on the academic personnel, lawyers, businessmen, planners and other relevant people, including politicians in particular, who can make impartial and positive contributions in this area in making sure the doors are open to those firms mentioned.

On the other hand, the banking sector, a component of the money and capital markets, has undergone a violent upheaval in our country in the recent past as elsewhere in the world. It must not be forgotten that similar free zones in our part of the world are made up of units which serve the various producer and marketing organizations and could be called "offshore banking."

Free zones have been irrefutably accepted and put in place. Rather than debates that could bring the problem to new impasses, vis-a-vis our socio-economic status, it is necessary for the decision-makers and implementers both to analyze the matter meticulously and in detail, along with the accompanying problems that could affect related units and to find prudent solutions. It is as alarming as it is a cause of concern to stand by and watch income distribution, already out of kilter, gradually grow worse and not take urgent, effective measures. It would be valuable to look closely at developments, if not in the Philippines, at least in South Korea where economic prosperity and social balance cannot be attained. It is risky in the long run to imitate blindly everything in America, giving up industrialization in the process. We must not forget this: The slowdown in the "third wave" of American industrialization has a strong dollar behind it. Yet, the Turkish lira is a long ways from being valid currency even for contracts in Turkey.

Those of the "technologies" attempting to enter Turkey through free zones which can make positive contributions to the socio economic balance must be chosen with extreme care and put into practice throughout the entire country.

8349

CSO: 3554/123

ECONOMIC

TURKEY

POSSIBLE IMPACT OF NEW 'CONSUMER CREDIT' SYSTEM REVIEWED

Istanbul DUNYA in Turkish 5 Jun 86 p 9

[Text] Istanbul—Manufacturing firms are waiting with interest for the new installment sale system which is described by the government as "consumer credit."

Expressing their views on the issue, officials of various manufacturing organizations said that in order for the consumer credit system to produce positive results there must be little bureaucracy, the interest rate on the loans must be low and the credit must be applicable to domestic products only. The officials added that unless these conditions are met, the new system will not create any factors that may rejuvenate the domestic market.

Officials of manufacturing organizations also said that government banks and institutions or private banks must be appointed to implement the consumer credit system.

A senior official from Arcelik said: "Consumer credit may rejuvenate the sales of durable goods which in turn may prompt an increase in production.

"What is needed is a simple, uncomplicated arrangement which can be easily understood by everybody and which can bring together the interests of both the consumer and the producer.

"In order for the consumer credit system to fulfill its purpose, it must be more advantageous for the consumer than the interest rates charged on ordinary bank loans or the installment payment terms offered by manufacturing or marketing firms. To achieve that, a selective credit policy must be implemented and the difference [between consumer credit and ordinary loans] must be paid from the Fund for Encouraging the Utilization of Resources."

A senior official from the Profilo Holding Company said: "It would not be right to let firms which sell bonds to finance the consumer credit system. Who would we be able to sell if we pay a lower interest on our bonds than the interest paid by banks on deposit accounts? If we keep the interest rates too high then our costs would rise.

"The elimination of excise taxes on imports and the duty-free shops that will come into being soon will put us under pressure. Consequently, consumer credit must be applicable only to domestic products."

Uzeyir Garih from Alarko said: "In order for such an implementation to be productive, consumption must be subsidized. Consumer credit can be meaningful only if it is administered by the banks. Consumer credit will reduce the producer's burdens, and the producer will be able to sell his goods at cash prices."

Eyup Karadayi, Chairman of the Electrical Gadgets and White Goods Professional Committee of the Istanbul Chamber of Industry said: "Domestic producers must be given preference in taking advantage of the credit. Otherwise the system would be meaningless. There is a strong need for consumer credit, since there the domestic market is on the brink of collapse."

9588

CSO: 3554/119

ECONOMIC

TURKEY

SWITCH TO LEASING FOR OIL TRANSPORT

Istanbul DUNYA in Turkish 26 Jun 86 p 3

[Article by Ayfer Karatas: "DITAS Leased 5 Large Tonnage Ships"]

[Text] Maritime Shipping and Tankerage Inc [DITAS] has switched to charters for shipping oil, a first in Turkey, and opened bids for large tonnage ships. Seven firms submitted bids to lease ships to DITAS and five ships won contracts. Four of them belong to the UM Shipping Company and one to the Cerrahoglu Shipping Company. DITAS General Director Turgay Beltan stated that both the state and DITAS benefit because it is both cheaper and allows the operation of ships on more lines than the old system. "The shipowner, meanwhile, will be freed of his financing burden for a specific period of time and will have the possibility of a 1-year guarantee," he said.

DITAS accepted UM Shipping's price bid of \$325,000 a month for four 150,000-ton ships and M. Nuri Cerrahoglu's bid of \$280,000 a month for one ship.

Noting that they had offered a price proposal at 6 months + 3 months + 3 months provided the ship is under Turkish flag and that, to set the price, they had studied the journals "Tanker Charter Record" and "Shipping Statistic Economics" [titles as given in English], DITAS General Director Turgay Beltan said they had come up with three figures in their research. "We averaged these three figures and added the 10-percent margin allowed by the government to come up with \$2.18. Our own information and opinion would have given a lower figure, because one sees different figures on foreign markets. As a result, \$2.18 a ton was accepted by our shipowners and we wrote an agreement. We can use these charter ships anywhere and whenever we want. The shipowners used to rent out their ships at the beginning of each trip, but now we charter them for a year at a time," he said.

Beltan said the shipowner benefitted in two ways with this system, both having a firm lease arrangement for his ship for a 1-year period and reducing his operating costs to a very low figure. He added, "The shipowner will now get \$2.18 a ton from us. But, with the reduction in his operating costs, he will earn more than \$3."

Bidding Firms

General Director Beltan said that, among the seven bidding firms, Zihni Shipping had lost the contract because its bid was too high and its ship was a 102,000-ton "Obo," and Ziden Shipping had lost because, although its price was also high, it had not yet purchased the ship. He said they had chosen the ships with the lowest price bid.

Meanwhile, looking at the market, a strong shipowner ought not to agree to this system, it is said. UM Shipping has experienced a financing squeeze lately owing to lack of sufficient work for its ships, and its adoption of the time charter system is seen as a sign of correcting its situation.

In answer to a question about what UM's status would be after winning the contract for four ships, Turgay Beltan said:

"Whether UM corrects its situation or not is not something that concerns us directly. We will be happy if it gets straightened out because it is a Turkish company. Ultimately, we have to hire ships according to our own reasoning and our own conditions. If in this process Turkish companies improve their status and emerge with better opportunities on both Turkish and world markets, we can only be pleased. Not much thought has been given to time charter for large ships to date. But with this system, we can gain time as a carrier and feel safe getting the ships."

8349

CSO: 3554/122

ECONOMIC

TURKEY

FILLING OF KARAKAYA DAM ON EUPHRATES BEGINS

Istanbul MILLIYET in Turkish 5 Jun 86 pp 3,14

[Report by Osman Karakas]

[Text] Malatya--Another one of the massive dams of the Southeast Anatolia Project [SAP], which will rejuvenate southeastern Anatolia, has begun to be filled. In a letter sent to the governors of Malatya, Elazig and Diyarbakir, the 9th State Hydraulic Affairs Regional Directorate General served notice that the Karakaya Dam will begin to fill on 7 June and asked them to notify the residents of the affected villages. The governors' offices began advising 106 villages in the three provinces on this issue through the district offices.

The lake that will form behind the Karakaya Dam will cover an area of 269,607,000 square meters which includes 68 villages in Malatya, 37 villages in Elazig and 1 village in Diyarbakir.

With an installed power capacity of 1,800 megawatts, the Karakaya Dam Hydroelectric Power Station will generate 7,354 million kilowatt-hours of electricity a year.

A ceremony, expected to be attended by Prime Minister Turgut Ozal, will be held on 15 June to mark the beginning of the filling of the Karakaya Dam which is built on the Euphrates River. The Euphrates, which is currently diverted from its old bed and flows through tunnels, will have to be restored to its old bed in order to fill the dam. With the closure of the Karakaya Dam's sluice gates, a second lake--after Keban--will form in the Southeast and the water to accumulate there will be used to generate electricity.

The construction of the Karakaya Dam was begun on 18 October 1976. The final cost of the dam will be 550 billion Turkish liras in today's prices.

Preparations for migration have started in Malatya, Elazig and Diyarbakir because of the Karakaya Dam, which is the second set of reins on the Euphrates after Keban.

Nearly 50,000 persons living in the 97 villages to be flooded by the Karakaya Dam lake have begun harvesting their last crops and packing their belongings and will have to leave the lands they have lived on for years in 1 month the

latest. The peasants said that they do not know where they will go or what they will do.

The cement factory in the Ergani county of Diyarbakir which supplied the cement needed for the construction of the Karakaya Dam stopped production when it did not receive any new orders.

In the past, there were complaints that the factory did not manufacture cement to the required quality and weight standards. The Ergani Cement Factory which began full scale production in 1985 delivered nearly all of its cement output to the Karakaya Dam which is nearing completion.

Factory officials said that they delivered the cement needed for the construction of the body and other parts of the dam to Karakaya for a whole year and that they have tons of surplus cement in stock following the closure of that market.

The officials said that the surplus cement is being marketed in Diyarbakir at 24,300 Turkish liras a metric ton.

9583

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ECONOMIC

TURKEY

PIRATE RADIO DISRUPTS AEGEAN SHIPPING

Istanbul MILLIYET in Turkish 26 Jun 86 pp 3,14

[Text] Izmir, ANATOLIAN AGENCY - A "pirate radio" calling itself "Izmir Radio, Shore Communications Center," is disrupting maritime traffic in the Aegean. The pirate broadcaster confuses maritime traffic by giving false information to ships, but constantly changes locations, making it impossible to identify its coordinates with available equipment, it was learned.

The incident became known when ships waiting for hours for pilots because of the information given by the pirate station queried the Shore Radio Center about why their pilots were delayed.

The pirate station is giving false information by answering calls made to "Izmir Radio" by ships transitting the Aegean Sea in order to make telephone calls, request a pilot or receive information. Foreign flag ships are reportedly the only ones affected by false information. On a recent day, the pirate station detained one ship which had requested a weather report for a long time, saying it could not communicate and advising the ship to change channels. It also caused the ship to wait in the wrong place. The captain, not identified, who was older and experienced, noticed the error in location, got Izmir Radio on another channel and was able to get the information he wanted.

On another day, the pirate radio had a ship which had requested a pilot to enter the gulf waiting for a long time and that day made its final broadcast near "Hekim Island." Izmir Radio heard the pirate broadcast and requested assistance from the research ship "K. Piri Reis" which was near Hekim Island at that time. However, the "K. Piri Reis" reported that it was unable to locate the pirate radio.

We interviewed Izmir Radio officials, who described the incident as "a professional who has taken over the airwaves used for ship communications." Stating their reluctance to switch marine communications to the "public band," the officials said:

"Marine communications depend on reciprocal good will. They are conducted through mutual trust. In our opinion, this is a case of extreme rudeness. We do not think it would be a fisherman or a shipper, because nobody saws off the limb he is sittin on, you don't bite the hand that feeds you."

The officials said they had reported the matter to security forces and added, "Our equipment is not up to determining the definite location of the pirate broadcaster, so we do not think anything we could do would be successful unless we had the coordinates."

8349

CSO: 3554/123

ECONOMIC

TURKEY

BRIEFS

MORE JOINT ISLAMIC PROJECTS--The Islamic Conference Industrial Monitoring Committee meetings which began on Monday, 23 June, came to a close yesterday. Speaking at the closing session of the conference, Industry and Trade Minister Cahit Aral pointed out that their endeavors were a part of the far-ranging efforts of the Islamic Conference Organization and the organization's select committees to develop industrial cooperation among member countries. "We have witnessed the conversion of decisions adopted at the second ministers' consultation meeting into concrete developments. I would like to point out that the first and second monitoring meetings stressed the encouragement and realization of joint entrepreneurial projects. The newly-established infrastructure organizations, for example, the union of national financing organizations and the Islamic Development Bank's member country Consultants Federation, will be helpful to the more rapid proliferation and realization of projects of this type in the future," he said. Noting the importance of the flow of information to successful technical cooperation, Cahit Aral said that the exchange of information was not at the desired level among member nations at present. The industry and trade minister continued: "I believe that our decision to establish liaison points among member nations for the purpose of improving the exchange of information and the forum on investment encouragement to be held in Istanbul at the end of the year to support the efforts of developing Islamic countries will be effective support for those countries and, as committee chairman, I will be reminding member nations of these decisions and asking them to forward information on this topic to us as soon as possible. Businessmen who will come from 15 member nations of the Islamic Conference Organization will meet to contribute to the evaluation and implementation of industrial investment projects in the less developed Islamic countries. A new dimension in industrial cooperation will be achieved by bringing together representatives of the public and private sectors of the member nations participating in this forum," he said. [Text] [Istanbul DUNYA in Turkish 26 Jun 86 pp 1,9] 8349

CANADIAN FIRM TO EXPLORE FOR OIL--A new firm has joined the foreign companies exploring for oil in Turkey. The Canadian firm, Aberford Resources, which applied for exploration rights to the Petroleum Affairs Directorate General some time ago, was given four separate licences to explore for oil in regions 10 and 11. With the four licences, the Canadian firm will explore for oil in an area of 72,129 hectares in the provinces of Siirt, Mus, Diyarbakir, Adiyaman, Mardin and Elazig. Currently, foreign firms--most of which are American or Canadian--are exploring for oil in an area of 13.4 million

hectares in 18 separate regions in Turkey. Most of the exploration is carried out by the Turkish Petroleum Corporation. The Turkish Petroleum Corporation is carrying out oil exploration work in an area of 7,435,000 hectares with 157 licenses. The American and Canadian firms are carrying out exploration work in an area of 6 million hectares. [Text] [Istanbul DUNYA in Turkish 5 Jun 85 p 9] 9588

UNIVERSITY INDUSTRY COOPERATION CENTER--In an effort to encourage, increase and coordinate collaboration between universities and industry, the Aegean University and the Aegean Region Chamber of Industry [ARCI] jointly established the Aegean University Industry Cooperation Center. The Center's governing statute went into effect yesterday. According to the Governing Statute of the Aegean University Industrial Collaboration Center, the center's administrative organs will consist of a Consultative Council and an Executive Council. The Consultative Council, which consist of one member from each of the professional committees of the ARCI Administrative Council as well as members of the ARCI Central Administrative Council, will submit proposals to the center's Executive Council with regard to the development of relations between the university and industry circles and will organize promotional activities for the industrialists. The Executive Council will offer coordination services on issues such as new product development and technology transfers, solution of technical problems, preparation of feasibility reports, increasing productivity, organization of educational services such as courses, seminars and conferences and consulting services. The Executive Council will also convey cooperation proposals from the industry to the relevant bodies of the university and will insure the implementation of mutually agreeable principles of cooperation through contracts. The Executive Council will be headed by the vice president of the university and will consist of members selected by relevant administrative councils from faculty members of each of the schools of engineering, science, agriculture and pharmacy, the Institute of Solar Energy and Nuclear Sciences and other departments which may collaborate with industry; and two members to be appointed by the ARCI Administrative Council. The Office of the President of the Aegean University will provide secretarial services for the Executive Council. [Text] [Istanbul DUNYA in Turkish 5 Jun 86 p 2] 9588

CSO: 3554/120

MILITARY

FINLAND

NAVY COMMANDER: COUNTRY NEEDS SUBMARINES

Needed For Coastal Defense

Helsinki UUSI SUOMI in Finnish 15 Jul 86 p 7

[Article: "Admiral Tikka Reiterated Hope: Finland Needs Submarines"]

[Text] Navy Commander Jukka Tikka yesterday reiterated his hope to obtain submarines for Finland. Rear Admiral Tikka expressed his desire to UUSI SUOMI last Wednesday already in connection with the Navy's anniversary celebrations.

"We would need training and actual operational submarines, but they will not be procured," regretted Tikka in talking to UUSI SUOMI at that time.

"Anyway, when one looks around the Baltic Sea, only Finland and the GDR do not have submarines," said Tikka on MTV's 10 o'clock news yesterday.

Submarines are needed for coastal defense: reconnaissance and mining. Two to three would be a sufficient number according to Tikka.

Admiral Tikka does not consider it completely impossible that submarines would be procured for Finland even though they would cost several billion markkaa. The Paris Peace Treaty prohibits Finland from having submarines.

However, the articles of the peace treaty have been reinterpreted twice already: the first time when Finland acquired anti-tank missiles and the last time in 1982 when it acquired excitation mines.

If Finland wants submarines, it will have to negotiate with the victorious nations, primarily the USSR and England.

Needed For Oceanographic Research

Helsinki UUSI SUOMI in Finnish 16 Jul 86 p 3

[Letter to the Editor by Gaius Sateri, Marine Petty Officer, reserve]

[Text] In the surprise interview on Monday the Commander of the Navy said that he would readily accept a possible interpretation of the Paris Peace

Treaty, which would allow Finland to have submarines after an interval of several decades. Having served in the Coast Guard and the Navy myself, I would, however, like to express joy for a third party, namely our country's oceanographers.

The naval forces longingly recall the times when the Vesikko, now located in Suomenlinna, along with other Finnish submarines mined and secured the Gulf of Finland. Correspondingly, the vessels of the present Coast Guard swept away the mines after the war. Even now old mines occasionally rise to the surface.

Even though the submarine is one of the most effective weapons in the naval arsenals of the superpowers and their allies, the most important task of Finland's Defense Forces by its existence is to make an invasion an excessively expensive operation for a possible enemy. It is sufficient if submarine operations can be effectively followed. I can make the assurance that we were capable of accomplishing this during my own service time in 1966--70. The localized destruction of a submarine in a combat situation is easier.

By acquiring several Jacques Cousteau-type submarines for oceanographic purposes, the biological development of Finland's territorial waters and the whole Baltic Sea basin could be observed in a neutral manner and with greater accuracy than at the present time. Now that Valmet has received the contract to build a deep-sea research ship for the USSR, it would be appropriate to obtain an interpretation in the peace treaty by which submarines intended only for military use are still prohibited. The fact that the Defense Establishment is testing its observation system by following the movements of domestic research vessels hardly violates this concept.

Now that we have before us an opportunity to acquire experience in the construction of deep-sea research submarines, we must also increase and take responsibility for the condition of the Baltic Sea as part of the environment. Finland and other pigs on the edge of the basin have dumped environmental poisons from their pipes and barrels into the sea. Now it is also time to conduct a thorough study of what is occurring on the bottom and to consider how the direction of development can be changed in a more positive manner. Finland has been Europe's leading builder of specialized ships in the entire post-war period. This could now be excellently combined with a position as a leading oceanographic country.

10576

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MILITARY

FINLAND

FORCES COMMANDER REJECTS PROPOSAL FOR SUBMARINE ACQUISITION

Helsinki HELSINGIN SANOMAT in Finnish 16 Jul 86 p 8

[Article: "Chief of General Staff: Procurement of Submarines Is Not Timely"]

[Text] The procurement of submarines for the Finnish Navy is not in any way timely and it is not being considered, says Chief of General Staff Bo Klenberg. Naval Commander Juha Tikka expressed a desire to procure submarines in a television interview on Monday.

According to Klenberg, the matter is not worthy of attention. According to him, submarines came up when Tikka was questioned on the issue at a press conference on the Navy's anniversary day. Klenberg points out that Tikka himself considers the acquisition of submarines to be improbable. Tikka referred to Santa Claus in the interview.

In the interview broadcast on the 10 o'clock news Tikka admitted that from the military point of view Finland needs submarines. As an argument he mentioned that all the Baltic Sea states except the GDR and Finland have submarines. Submarines would be a natural part of naval weaponry, said Rear Admiral Tikka.

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